Evaluation of The Atlantic Groundfish Strategy (TAGS)

TAGS / HRDC Final Evaluation Report

March 1998

Evaluation and Data Development
Strategic Policy
Human Resources Development Canada

SP-AH046E-03-98
(également disponible en français)

101-02483/

Acknowledgements

This is the final evaluation report for The Atlantic Groundfish Strategy (TAGS). The project evaluated those components of TAGS for which Human Resources Development Canada (HRDC) was responsible.

This evaluation study was carried out jointly by GTA Consultants of Shediac, New Brunswick and by Andy Rowe Consultants of St. John's, Newfoundland on behalf of HRDC's Evaluation and Data Development Branch (EDD). EDD, with support from the TAGS Evaluation Advisory Committee, provided overall direction for the evaluation study and monitoring of ongoing work. The ongoing Committee was comprised of representatives of the TAGS/HRDC program from National Headquarters (NHQ) and from the Regional Headquarters (RHQs), the Department of Fisheries and Oceans (DFO), Treasury Board Secretariat, and the province of Newfoundland and Labrador. The Atlantic Canada Opportunities Agency (ACOA) and the Federal Office for Regional Development in Québec (FORD-Q) participated towards the beginning of the project.

The evaluation team would like to thank the members of the evaluation advisory committee for their valued participation in this project. Their advice, commitment of time and goodwill were appreciated. We would like to acknowledge the work of EDD's Data Development and Technical Services Division for their long-term technical support and advice.

Finally we would like to thank the many recipients of program funding who generously shared information about the impact of TAGS on their lives and provided the evaluation team with important information about the program and its benefits.

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Executive Summary

I Overview of the Report

This is the final report for The Atlantic Groundfish Adjustment Strategy (TAGS) Evaluation Study. The Evaluation Study began in October 1994 and concluded in March 1997. The project undertook the evaluation of those components of TAGS for which Human Resources Development Canada (HRDC) was responsible.

Section 1 of the report describes the TAGS/HRDC[1] Evaluation Project, while Section 2 provides a brief description of the TAGS/HRDC program and its principal program elements.

Section 3 includes a descriptive profile of TAGS clients and their adjustment activities. Section 4 lays out this study's approach to measuring adjustment out of the groundfish industry by TAGS clients and presents the findings concerning adjustment outcomes.

Section 5 describes the household and gender characteristics of TAGS/HRDC clients, and examines the role of communities in the adjustment process.

II Overview of the TAGS/HRDC Evaluation

With a budget of approximately $1.7 billion (out of a total TAGS budget of $1.9 billion), and a client population of 40,025 displaced groundfish fishers, trawler and processing workers, the TAGS/HRDC program included income support, counselling, training, mobility assistance, employment supports, early retirement programs and some job creation initiatives. To address the main issues presented by such a complex, multi-faceted program, the TAGS/HRDC Evaluation Study made use of client and non-participant group surveys, focus groups, key-informant interviews, community level analysis, and reviews of program changes. The study also made extensive use of HRDC program and administrative data.

Overall direction for the Evaluation Study and monitoring of ongoing work has been the responsibility of the HRDC Evaluation and Data Development Branch, with support from the TAGS Evaluation Advisory Committee.

The main evaluation issues addressed by the Evaluation Study were:

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[1] Throughout this report there are references to the TAGS/HRDC program and sometimes simply to the TAGS program. Because the program has been delivered by HRDC, DFO and other partners, but this study is concerned primarily with the evaluation of the HRDC components, the expression "TAGS/HRDC" will be used to refer to the HRDC components, while "TAGS" refers to the program as a totality.

1. The effectiveness and adjustment impacts of TAGS/HRDC counselling and training programs;

2. The effectiveness and adjustment impacts of TAGS/HRDC employment support and local economic development programs;

3. The adjustment impacts of TAGS/HRDC income support.

In July, 1996, it was announced that the TAGS program would end in the spring of 1998 instead of 1999 because of cost over-runs. As a result, TAGS/HRDC adjustment programming was closed off and all remaining program resources were focused on income support.

The TAGS/HRDC Evaluation Study was also cut back at this point, and the Evaluation Team was instructed to complete their final report by the end of the 1996/97 fiscal year. As a result, in-depth analyses of the impacts of TAGS income support, training, employment and mobility programs that had been planned for 1996-97 were cancelled. Therefore not all of the evaluation issues have been addressed to the extent that was originally intended.

III Summary of Findings and Lessons Learned

1. Labour Market Adjustment in Fisheries-Dependent Communities

At the end of 1996, an estimated 12,000 TAGS clients had adjusted out of the groundfish industry, while an estimated 28,000 had not. If the groundfish industry had re-opened in 1997, the great majority of TAGS clients (adjusted and unadjusted) would still have been in a position to pursue employment in groundfish harvesting or processing.

The following are the principal findings of the TAGS/HRDC Evaluation Study regarding adjustment.

1.1 The TAGS/HRDC client population presents enormous and unique adjustment challenges.

Compared to other HRDC client groups, the fishers and plant workers displaced by the Atlantic groundfish shutdown have several important characteristics that make permanent adjustment out of the groundfish industry very difficult:

- relatively low levels of formal education (72% with less than high school completed);

- relatively older age profile (half are 40 and over);
- a limited range of transferable job skills;
- living in areas of high and entrenched structural unemployment;
- living in small, rural and often remote communities;
- family and household commitments that constrain mobility;
- strong social, economic and cultural ties to communities and to their way of life.

1.2 Adjustment for this population is a long-term and perhaps inter-generational process.

For the majority of TAGS clients, permanent adjustment to economic self-sufficiency outside the groundfish industry could not be accomplished within the resources and the life-span of the TAGS program:

- to benefit from training for alternative occupations, many TAGS clients needed (and still need) academic upgrading. Taken all altogether, their education and training needs would carry beyond the life of the TAGS program and would require expenditure levels exceeding the available TAGS resources;
- in Newfoundland in particular, the sheer number of TAGS clients initially overwhelmed available program resources (e.g., counselling services, literacy courses, skills training seats);
- many clients believe that permanent adjustment to life and employment outside the fishery will only be accomplished by the next generation:
  - ♦ many clients who do not plan to leave their homes, communities and fisheries assets are encouraging their children to leave,
  - ♦ these clients are often concerned that their children will not have adequate opportunities to get the education and training they need for employment outside the fishery.
- relative to the comparison group of non-participants in the TAGS program with similar age, education and other characteristics, TAGS clients were less likely that non-participants to have been employed in either 1995 or 1996 and they had lower overall incomes. TAGS clients were much less likely to have worked enough in 1996 to qualify for EI.

1.3 Just over 12,000 TAGS clients have left the groundfish industry either through adjustment or early retirement.

In 1996, 10,635 TAGS clients (27% of all clients) met the Evaluation Study criteria for adjustment out of the groundfish industry, i.e., they had earned income from sources other than the groundfish industry which was at least 80% of their pre-moratorium earnings, and were no more reliant on UI/EI than prior to the moratorium.

- characteristics of the TAGS client who adjusted out of the groundfish industry:
  - ♦ 28% of Newfoundland clients adjusted compared to 24% in Nova Scotia and 39% in New Brunswick, Prince Edward Island and Quebec together;
  - ♦ 31% of male clients and 22% of female clients adjusted;

- 40% of TAGS fish harvesters adjusted compared to 22% of processing workers;
- 68% of adjusted clients qualified for EI benefits in 1996, compared with 25% of clients who were not adjusted;
- 57% had other family members who were on TAGS and 71% had other members of the family contributing financially;
- 11% of clients whose TAGS ended in 1996 adjusted out, compared to 23% of those exiting in 1997 and 30% of clients exiting in 1998-99;

- there was virtually no change in the adjustment out figures between1995 and 1996;
  - 10,599 clients met the adjustment out criteria in 1995 compared to 10,635 in 1996.
  - as well, an estimated 1,492 clients, 4% of the total TAGS population, had taken a retirement package and were no longer on TAGS. (These early retirees are not part of the client population designated as meeting the Evaluation Study adjustment criteria.)

1.4 Reliance on HRDC income support is still high among TAGS clients who have adjusted.

Three-quarters of adjusted TAGS clients rely on HRDC sources (UI/EI and/or TAGS/ HRDC employment supports such as Wage Subsidy) for up to 80 percent of their income.

1.5 Many TAGS clients, and the majority of adjusted clients, gain employment and earn income from other fisheries besides groundfish, have been able to qualify for UI/EI, and have not considered other career options.

Over 50% of TAGS clients have found some work in the fishing industry while on TAGS, and most believe that they will continue to do so. Many clients do not believe that they have any practical alternative to continued reliance on the fishery, for better or for worse.

- of those TAGS clients who worked in 1996, 80% had fishing or fish processing as their main job;
- an estimated 9,595 clients (24% of the total) met the adjustment out criteria on the basis of employment in other sectors of the fishing industry;
- the great majority of those clients who have shifted to other fishing or fish processing activities remain ready to shift back into groundfish if and when that fishery re-opens;
- 3% of TAGS clients (1,040) had work outside the fishing industry as their main source of income in 1996, and met the adjustment criteria.

1.6 Approximately 58% of the TAGS clients who meet the adjustment out criteria received a TAGS intervention.

TAGS interventions are estimated to have applied to 6,154 clients who have adjusted:

- 4,662 clients who met the adjustment criteria and were employed outside the groundfish industry received interventions:
  - of these, 732 clients found employment outside the fishing industry,
  - close to one-third of these clients had received skills training or academic upgrading.
- 88% of all HRDC interventions (including counselling) have been received by clients who have not yet adjusted.

1.7 Of the population of unadjusted TAGS client, some have improved their capabilities and potential for adjustment while on TAGS, but the majority are still committed to employment in the fishery, or see no prospects for employment, and have not actively pursued adjustment.

Unadjusted TAGS clients group into three principal "clusters":

- Cluster 1: about 10,500 fishers and plant workers (38% of all unadjusted clients) plan on remaining in the fishery but have not been able to replace groundfish as a source of income:
  - very few of this group took advantage of training offered under TAGS,
  - this group has generally been eligible for higher TAGS/HRDC benefit levels and longer eligibility periods;
  - on average, the fishers in this cluster fished for 4 weeks in 1996 and earned approximately $3,000;

- Cluster 2: about 4,800 clients (17% of all unadjusted clients), mainly plant workers, have actively pursued adjustment by taking advantage of TAGS adjustment programs but have not been able to find sufficient work to replace work on groundfish. They still hope to work outside the fishery by the year 2000:
  - all of these clients took training (ABE and/or skills training);
  - clients in this group have the highest level of education (45% completed high school);
  - 35% had jobs in 1996 (15% in the fishing industry and 20% outside fishing) and 15% qualified for EI in that year;
  - the average earnings for those who were working outside the fishing industry was $8,000.

- Cluster 3: about 3,600 TAGS clients (13% of all unadjusted clients) face serious barriers to adjustment due to age and education, etc., and express little sense of direction or hope and have limited prospects:
  - none of this group took advantage of TAGS training, and they are uncertain about what they will be doing in the future.

These three groups[2] pose serious future challenges for which existing HRDC programming (i.e., EI Employment Benefits) may not be sufficient or appropriate:

- even though some TAGS clients participated in TAGS/HRDC adjustment options, they did not earn enough income in alternate employment to be considered adjusted. The EI Active Re-employment measures are similar to TAGS adjustment options. Therefore, even if unadjusted clients participate in EI measures, the outcomes may not be much different from TAGS;
- 25% of the unadjusted population qualified for EI income support in 1996;
- the majority of TAGS clients, including those who have not adjusted, are in Newfoundland.

1.8 There is a need for more effective job creation linked to adjustment programs.

Informed observers in government, industry organizations and fishing communities have suggested that heavy investments on the supply-side of labour force adjustment, without some more meaningful effort to create jobs that are accessible to the adjusting population, may not pay off over the longer term. This view is particularly relevant in areas of high structural unemployment where many TAGS clients are based:

- the analysis of adjustment outcomes has identified a relatively large population of TAGS clients who are positively oriented towards adjustment out of the groundfish industry and who have been active in training and other adjustment supports, but who are currently not finding sufficient employment to qualify for EI;
- survey and focus group research indicates that significant numbers of TAGS clients are willing to adjust but are not mobile because of family and household ties (e.g., a spouse with a good job). These clients are looking for employment outside the fishing industry in their home areas, many without success.

1.9 Adjustment is a family and household process.

TAGS /HRDC adjustment programs were largely focused on individual clients, but client decisions on adjustment are shaped in large part by family/household influences and constraints:

- 84% of TAGS clients live in families with spouses, and 54% have at least one dependent under the age of 18 in the household;
- 37% of male clients and 51% of female clients had other TAGS clients in their households;
- the majority of TAGS clients have substantial investments in household property and in the fishery, and fear losing the value of these assets;

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[2] The remaining 32% of the unadjusted TAGS clients show up in 77 other distinct clusters that are too small to be considered representative or significant.

- 23% of TAGS clients who were surveyed report that their plans for adjustment and/or mobility are constrained by the work situations of other family members. The most typical situation is a female plant worker who is positively oriented towards training and employment outside the community, but whose husband is still active in the local fishery;
- 33% of surveyed clients say that child care and/or elder care responsibilities are barriers to participation in adjustment programs;
- in the survey research women express more positive views towards adjustment and have higher levels of formal education than men, but are more constrained by family and community ties and by cultural values;
- TAGS clients, particularly female clients, suggest that adjustment would be facilitated by improved child care and elder care supports and more local provision of education, training and community employment opportunities to accommodate clients with family responsibilities and with spouses who are locally employed.

1.10 Education is a critical factor in adjustment.

An important variable for predicting the likelihood of adjustment out of the fishing industry is the level of formal schooling achieved by the TAGS/HRDC client:

- clients who had completed high school and beyond were much more likely to have participated in skills training, job placement or mobility supports than less educated clients;
- clients who had higher levels of education and training were more likely to have adjusted out of the fishing industry.

1.11 Adult Basic Education may contribute positively to long-term adjustment for hard-to-adjust clients.

ABE (including literacy and academic upgrading) does not appear to pay off for TAGS clients in terms of immediate labour force adjustment outcomes, but it appears to contribute significantly to encouraging older, less-educated and less confident clients to take on such major changes in their individual and family situations:

- both the survey and focus group research indicates that clients who participated in literacy, ABE and academic upgrading courses are very positive about the value of these courses in giving them confidence and skills to try other adjustment options:
  - the majority of focus group participants who were taking ABE training report that they will take other training once they have completed their ABE, and also say they are better prepared to work outside the groundfish industry;
  - these clients also report very positive impacts on their families, including in particular a greater interest and ability to encourage children to stay in school and complete their education.

1.12 Community is a noteworthy influence on adjustment.

For clients of similar age, occupation and education, adjustment outcomes varied significantly among different communities. These differences seem to be best explained by community attitudes and levels of community organization:

- community organizations played a key role in helping clients get past their grief and denial after the groundfish industry was shut down;
- focus group research revealed that hard-to-adjust clients (i.e., older, less educated) were more willing to participate in, and showed better adjustment outcomes as a result of local community-based adjustment programs (e.g., Community Opportunities Pool, the Education Centres run by the Newfoundland Fisheries, Food and Allied Workers - Canadian Autoworkers Union, local job creation initiatives, etc.);
- community attitudes and traditions appear to be significant influences on client decisions regarding occupational change, education and training, and mobility.

1.13 Community economic development was a missing link in the adjustment process.

There is serious disappointment in fishing communities that the TAGS program did not do more to support community capacity-building and local economic development:

- the initial announcements on TAGS in 1994 led TAGS clients and community leaders to expect more resources to be available through Green Projects, Community Opportunities Pool, and the ACOA and FORD-Q components of TAGS for local job creation and sustainable development projects;
- communities that were well-organized and had previously developed job creation strategies through Community Futures and other supports, were disappointed that more core funding and capital assistance were not available from TAGS.

1.14 Employers have a major influence on adjustment.

Clients were much more likely to accept the necessity to adjust when employers, particularly fish plant operators, gave clear messages to laid-off workers about the limited chances for future employment. Many employers did not give such clear messages:

- efforts of some plant operators to retain their workforces were often inconsistent with TAGS/HRDC efforts to encourage adjustment out;
- many plant workers were afraid of losing seniority at the plant if they took other employment, and they did not get clear messages on this issue from plant operators.

1.15 Previous income levels influence adjustment choices and outcomes.

One of the most distinctive features of the fishing industry, particularly in Newfoundland, is that it provided relatively high wage rates for most plant workers, and relatively good incomes for some fishers, compared to other jobs available to people with similar

education levels and occupational skills in local or even regional labour markets. The fact that most fisheries jobs provided ready access to EI benefits each year added to the economic value and stability derived from such employment:

- lifestyles and expectations of many TAGS clients were shaped by incomes before the shutdown that compared favourably with the incomes of workers in other regional industries:
  - the majority of TAGS plant workers were unionized and typically earned upwards of $10/hour;
  - close to 100% of TAGS fishers were able to qualify for UI on the basis of groundfish and other fisheries, and generated total annual incomes that were usually greater than those of unionized plant workers in their communities;
  - many of the jobs now available to displaced fisheries workers in their home areas offer close to minimum wage;
- in this context, many clients see "adjustment" as meaning much lower incomes and perhaps losing investments in homes if they have to move to where other jobs are available;
- remaining on TAGS benefits and maintaining homes and fishing gear or a place in line at the plant are seen by many clients as reasonable options, given what they see as the high costs and the risks of adjusting out;
- fishers are concerned that their licences or crew member positions will be lost if they move away and/or take other jobs;
- some clients who have adjusted out and taken jobs in other fields report that they will go back to the plant if it re-opens to regain access to the higher wage rates;
- focus group findings suggest that clients in non-unionized, lower-wage plants are more likely to see adjustment out as an opportunity to improve themselves, and to get more rewarding and enjoyable jobs.

2. The Objectives and Operation of the TAGS/HRDC Program

The TAGS program encountered substantial problems from the outset with budgets, co-ordination of the different program elements, and communications among the partner departments and agencies responsible for delivering the different program elements. These problems substantially affected the abilities of the TAGS/HRDC program to meet its stated objectives.

2.1 There was a lack of clarity and coherence in basic program objectives.

The design of TAGS/HRDC was based on two objectives: income support for displaced fisheries workers, and adjustment out of the groundfish industry. In practice the income support objective was dominant, and it may have worked against the adjustment objective:

- in the initial conception of TAGS, all clients would have to be "active" if they were to receive benefits. When the number of clients who met the criteria to receive benefits

overwhelmed the resources available to support active adjustment programming, the active requirement was removed;

- there was no consistent incentive structure within the TAGS benefits system to reward active participation in adjustment programs, i.e., inactive clients received the same benefits as active ones;
- many TAGS/HRDC managers and other informed observers in fishing communities believe that the level of TAGS benefits rates, and/or the duration of benefits, discouraged adjustment out for many clients.

2.2 With a large, multi-dimensional adjustment program, co-ordination and communication among the program partners is critical to success.

Basic problems with the design and implementation of TAGS stemmed from poor communications and the incongruent approaches and objectives of the major program partners:

- the budget and the program objectives and design appear to have been established without accurate knowledge of the number of clients who would meet the eligibility criteria;
- the program design anticipated that the Department of Fisheries and Oceans (DFO) would identify those harvesters who would be part of the fishery of the future and those who would not, but this designation was not made until near the end of the first year;
- the program design anticipated that the provinces would quickly identify those fish plants, and therefore the fish plant workers, that would be part of the fishery of the future and those that would not. Newfoundland has only made such announcements in 1997, while the other provinces have largely left such decisions to plant owners;
- the program design anticipated that the Atlantic Canada Opportunities Agency (ACOA) and the Federal Office for Regional Development in Quebec (FORD-Q) would support local economic development activities to generate employment opportunities in regions affected by the shutdown, but the schedule for achieving this was delayed by the longer than originally expected process;
- the program design anticipated that industry and community partners, including organizations representing both employers and the TAGS clients themselves, would actively support the adjustment objective, but some of them did not:
  - in Newfoundland the FFAW/CAW union provided substantial training and other adjustment supports in partnership with TAGS/HRDC, but publicly dissociated itself from the TAGS/HRDC adjustment priority and strongly advocated the financial "compensation" perspective,
  - employers were often reluctant to co-operate with adjustment programs for reasons discussed above.

2.3 The development of appropriate eligibility criteria is critical to the success of an adjustment program such as TAGS.

The eligibility criteria for TAGS allowed many people to qualify for the program who were marginally attached to the groundfish industry and/or who might not have needed the program:

- some 40% of fishers on TAGS maintained or developed successful operations harvesting other species, were able to qualify for UI/EI, and perhaps did not need adjustment supports or access to TAGS benefits;
- many informed observers suggest that the TAGS eligibility criteria accepted fishers who had never earned substantial incomes from groundfish and who had been able to qualify for fisher's UI only because of supplementary make-work projects provided by HRDC;
- other fishers or plant workers who had strong attachments to the groundfish industry were excluded, thus contributing to an impression of unfairness and arbitrariness.

2.4 The uncertainty and frequent changes associated with the TAGS program negatively affected client adjustment decisions and the morale of TAGS/HRDC field staff.

In a situation of uncertainty, adjustment programs should provide some degree of certainty and stability to support clients in the process of personal and social change. The frequent changes in the TAGS/HRDC program may have contributed to feelings of confusion and powerlessness which in turn limited the willingness of clients to make changes and to take risks:

- the frequent changes in the TAGS program, combined with concurrent EI reforms and the restructuring of fisheries licencing and management systems, all contributed in fishing communities to a climate of uncertainty, anger and distrust of government;
- in the initial stages, TAGS/HRDC field staff reported high levels of stress associated with heavy caseloads, confusion over the active requirement, and the uncertainty over the availability of TAGS program options such as Green Projects, COPS and local economic development and job creation;
- stress owing to work loads was undoubtedly exacerbated for TAGS/HRDC staff because of the concurrent restructuring of HRDC service delivery systems and the UI/EI reforms.

3. Innovation in Social Policies and Program Models

As discussed above, the TAGS/HRDC program encountered substantial adjustment challenges and faced serious structural and operational constraints. Nevertheless, the TAGS/HRDC program did achieve some important successes and may facilitate important changes in other social policies and programs now and in the future. In particular, some of the new principles and program models for the Human Resources Investment Fund

(HRIF), particularly in the area of active programming, have been tried out by the TAGS/HRDC program.

3.1 The design and implementation of the TAGS/HRDC program under intense time constraints was a substantial achievement.

TAGS/HRDC is the largest labour force adjustment program ever developed in Canada in response to an industrial shutdown, and it was put in place within a very short time span:

- some 52,000 applications were processed in the space of a few months, and 40,000 of them were entered into pay and client file systems that had been specially developed for the program;
- assessment of eligibility, determination of benefits rates and development of adjustment programs required active co-operation between HRDC, DFO and the provinces;
- TAGS has provided invaluable experience in developing skills and strategies for targeting HRDC clients for adjustment programming.

3.2 TAGS/HRDC has helped to overcome resistance to active programming.

Virtually all TAGS clients were frequent users of UI, and were habituated to passive income support. The TAGS program introduced many for the first time to the concepts of active participation and adjustment:

- at the outset of TAGS there was opposition from clients and their organizations to active programming, but many clients and their organizations did participate in adjustment programs of one kind or another and did recognize their value;
- the TAGS program did demonstrate new approaches and provided practical experience for clients, communities, industry organizations and governments in working together to develop and implement labour force adjustment programs and projects;
- there is recent survey and focus group evidence that more clients and communities have come to accept the logic of adjustment and of the active requirement, provided that alternative employment opportunities in the local area are seen to be possible.

3.3 TAGS/HRDC has provided useful experience in developing and implementing decentralized, flexible, client-centred and community-oriented programming.

The implementation of TAGS coincided with the restructuring of HRDC, and the shifting of decision-making to regional and CEC/HRCC levels. TAGS provided a vehicle for testing flexibility and localized delivery approaches:

- according to client perceptions, field staff in outreach offices and HRCCs were highly effective in counselling individual clients and encouraging active participation in adjustment programs;
- most HRCCs were active in communities in capacity-building and facilitating organizational development and community level adjustment;
  - the work of some TAGS/HRDC teams in HRCCs and/or outreach offices may account in large part for why their communities have had much higher adjustment levels than others despite similar client profiles and negative labour market conditions.

Management Response

The Human Resources Investment Branch (HRIB) program management has reviewed the final evaluation of The Atlantic Groundfish Strategy (TAGS). Management feels that this is an very comprehensive and excellent document, one which provides important information which, along with other reports and studies, will serve as a basis for forthcoming discussions with provinces and stakeholders, in planning for the transition to a post-TAGS environment.

HRIB program management is pleased that the evaluation validated that HRDC in fulfilling its mandate under TAGS, was presented with an enormous and challenging task. Given that many of the individuals affected by the closure of the ground fishery face difficult barriers to adjusting out of the groundfish industry, the report notes that adjustment would have been very difficult and almost impossible to accomplish within the lifespan and resources of the TAGS program.

Despite this however, the evaluation notes that over 12,000 clients have left the groundfish industry either through adjustment or early retirement and that as a result, the overall adjustment target for the program is being reached.

Management notes that the evaluators used a different definition of adjustment than that used by the TAGS program. It should be pointed out that even though the program definition is more conservative , the end results provided by both definitions are very similar. Both program management and the evaluators have opted for relative definitions of adjustment and are aware that some individuals moved on and off of TAGS benefits. The relative definitions used recognize the turbulence of a modern economy and reflect that TAGS was designed as an adjustment program. Other studies such as the Post-TAGS Review Report, "The Harrigan Report", further document the level of dependency on TAGS income support.

It is worthy of note that the evaluation states that despite the enormity of the task and the intense time constraints, the design and implementation of the TAGS/HRDC program was a substantial achievement. The evaluation also recognizes that TAGS has been an important vehicle for testing and demonstrating new approaches to new social policies and program models, including the close integration of income support with training and other active employment measures. As such, it has provided useful experience in developing and implementing decentralized, flexible, client-centred and community-oriented programming.

1. Introduction

Until the late 1980s the Atlantic fishery provided some level of employment and income in five provinces for over 61,000 fishers — 28,000 in Newfoundland alone — and over 60,000 plant workers. The most important source of jobs was the groundfish industry in which cod was the largest stock.

Between 1991 and 1994 the Federal Department of Fisheries and Oceans (DFO) was forced to scale back the groundfish harvest on the Atlantic coast because of rapidly falling landings. A series of initiatives was mounted to help industry participants adjust to the resulting loss of employment and incomes. The Atlantic Fisheries Adjustment Program (AFAP) was put in place in 1990 to assist with industry restructuring. In 1992 the Northern Cod Adjustment and Recovery Program (NCARP) and in 1993 the Atlantic Adjustment Groundfish Program (AGAP) were set up to support industry restructuring and provide displaced fisheries workers with incomes and alternative employment opportunities.

By 1994 the groundfish fishery was virtually shut down, resulting in what has been described as the largest industrial layoff in Canadian history. Following the recommendations of the Task Force on Incomes and Adjustment in the Atlantic Fishery in 1993, The Atlantic Groundfish Strategy (TAGS) was established in May of 1994 as a comprehensive, long-term response to this crisis.

TAGS was originally designed to provide income and adjustment supports over a two to five-year period for some 30,000 displaced groundfish-dependent harvesters and processing workers in five provinces. The total TAGS budget was $1.9 billion, and delivery of the program was to be carried out by two Federal departments and two Federal regional development agencies, all working in collaboration with provincial governments, industry organizations, community organizations and private sector service providers.

Treasury Board policy requires evaluation of all significant programs. The TAGS/HRDC Evaluation Study was designed as a formative evaluation to provide TAGS/HRDC program managers with useful data and analytical insights to support the ongoing development of the program throughout its life. The formative evaluation would in turn establish the groundwork for the summative evaluation of TAGS/HRDC after the program was over.

Because the TAGS program is now scheduled to end in August 1998 — almost a year earlier than planned — and because of other changes in the objectives, structures and operations of TAGS/HRDC, the TAGS/HRDC evaluation was concluded in March 1997. This document will therefore serve as the final report of the TAGS/HRDC Evaluation Study.

1.1 Objectives and Structure of this Report

The objectives of this report are twofold:

1. To summarize and update the findings from all research activities undertaken by the TAGS/HRDC Evaluation Project.

2. To draw out the principal lessons learned about TAGS/HRDC income support and adjustment programming.

To accomplish these objectives, the report is comprised of the following sections:

Section 1 — description of the TAGS/HRDC Evaluation Project, its principal activities, data sources and research methods;

Section 2 —brief description of the TAGS/HRDC program and its discrete program elements;

Section 3 — descriptive profile of TAGS clients and their adjustment activities;

Section 4 — analysis of adjustment outcomes and assessment of HRDC contributions to adjustment;

Section 5 — discussion of the influences of households and communities on the adjustment process.

There are also four appendices. The first three appendices are technical in nature while the fourth one provides an overview of the Newfoundland economy.

1.2 Description of the Evaluation Study

This report concerns the evaluation of those elements of the overall TAGS program for which Human Resources Development Canada (HRDC) was responsible. With a budget of approximately $1.7 billion (out of the total $1.9 billion TAGS budget), the TAGS/HRDC activities included income support, counselling, training, mobility supports, employment supports, early retirement programs and some job creation initiatives.

Because of the scope and complexity of the TAGS program, the TAGS/HRDC Evaluation Study has employed a variety of research approaches including client and comparison group surveys, focus groups and key-informant interviews, community case studies, and examined program policies and delivery mechanisms. The study has also made extensive use of HRDC program and administrative data.

Overall direction for the Evaluation Study and monitoring of ongoing work was the responsibility of the HRDC Evaluation and Data Development Branch with support from the TAGS Evaluation Advisory Committee (EAC). The ongoing Committee was comprised of representatives of the TAGS/HRDC program staff from HRDC National Headquarters (NHQ) and from the Regional Headquarters (RHQs), the Department of Fisheries and Oceans (DFO), Treasury Board Secretariat, and the Province of Newfoundland and Labrador. The Atlantic Canada Opportunities Agency (ACOA) and the Federal Office for Regional Development in Québec (FORD-Q) participated towards the beginning of the project.

1.2.1 Evaluation Issues

In developing the methodology for this evaluation the consultant team interviewed TAGS/ HRDC officials at the NHQ and RHQ levels. On the basis of these interviews, two evaluation issues were given priority:

1. **The Effectiveness of Labour Market Adjustment**

   Sub-Issue 1.1 What was the level of success in actively involving clients in a process of identifying new career paths to improve employability and adjustment out of the groundfish fishery? What were the constraints on achieving this goal?

   Sub-Issue 1.2 Did TAGS improve the marketable skills and employability of clients? What were the constraints on achieving this goal?

   Sub-Issue 1.3 What changes to program design and delivery would improve active involvement in the adjustment process, the acquisition of skills, the employability of clients and the success of clients in finding employment and business opportunities outside the fishery.

2. **Influences of TAGS Employment Support and Local Economic Development on Adjustment**

   Sub-Issue 2.1 What were the adjustment effects of TAGS/HRDC employment support programs?

   Sub-Issue 2.2 What were the adjustment effects of TAGS/HRDC local economic development?

Three other issues were identified as important, but due to the shortened time and reduced resources for the evaluation project they were not as fully addressed. These issues were:

1. The Impacts and Effectiveness of Income Support
2. Contribution to Restructuring and Downsizing of the Fishery
3. The Effectiveness of TAGS/HRDC Implementation, Management and Program Delivery

1.2.2 Description of Research Activities

The evaluation project began in October 1994 when the TAGS program was still in its early stages of implementation. The methodology design and workplan for the evaluation were approved by the EAC in January 1995. Research priorities and workplans were updated continually and approved at meetings of the EAC in October 1995, February 1996, and September 1996.

The following table describes the major research activities undertaken as part of the TAGS/HRDC Evaluation Project.

Table 1.1 Research Activities of the TAGS/HRDC Evaluation Project

Activity/Deliverable	Time period	Comment
Evaluation Methodology Report	Dec '94	Identification of evaluation issues, design of workplan. Approved by Evaluation Advisory Committee (EAC), Jan '95.
1st round of focus groups with TAGS clients, TAGS/HRDC staff and community spokespersons	May - June '95	Oral presentations in St. John's and Ottawa. Report to EAC Oct '95.
1st NCARP Roll-over Survey	June - July '95	Study on NCARP roll-over clients who left TAGS in Dec '94. Report completed Sept '95
Review of evaluation studies on the Improving Our Odds Program	May '95	Report completed Sept '95
1st TAGS Program Update Report	Sept '95	Review of changes in TAGS program structure, presented to EAC Oct '95.
1st Participant Survey	Oct '95	Presentation to TAGS/HRDC staff Dec '95 and to EAC Feb '96
Special Study on Households and Adjustment	Nov '95	Presentation to EAC Feb '96
1st Non-participant Survey	Oct '95	Comparison group for study of adjustment of TAGS clients
1st TAGS/HRDC Evaluation Report	Jan '96	Presentation to EAC Feb '96, also to Government of Newfoundland and Labrador, and to TAGS/ HRDC co-ordinators and outreach workers in Newfoundland.
2nd TAGS Program Update Report	Jan '96	Presentation to EAC Feb '96
2nd round of focus groups with TAGS clients, TAGS/HRDC staff and community spokespersons	April - May '96	Presentation to EAC Sept '96
2nd NCARP Roll-over Survey	Jan '96	
2nd Participant Survey	June - July '96	Only partially completed due to announcement of changes to TAGS program. Presentation to EAC Sept '96
3rd TAGS Program Update Report	Sept '96	Presentation to EAC Sept '96
Analysis of community dynamics of adjustment	Jan - Nov '96	Presentations to EAC Sept '96, Newfoundland HRDC staff Nov '96
3rd Participant Survey	Nov - Dec '96	
2nd Non-participant Survey	Nov - Dec '96	
3rd NCARP Roll-over Survey	Jan '97	
Final TAGS/HRDC Evaluation Report	March '97	(This document)

1.2.3 Principal Methodologies and Data Sources

1.2.3.1 TAGS/HRDC Program Data

The TAGS/HRDC Evaluation Study relied heavily on electronic file data for information about TAGS clients. There were three main sources of client file data: program data from the Client Adjustment Tracking System (CATS) database, TAGS pay data from the pay data file, and data from the administrative research files maintained in Ottawa by HRDC. The CATS database contains tombstone data on clients as well as essential information such as eligible pay rates and active program participation.[1] CATS data used in this report was from the file as of February 1997 and therefore covers the time period from the beginning of TAGS to early February 1997. The TAGS pay data file contains information from the cards mailed in by TAGS clients and information on cheques issued to TAGS clients. This information was available for 1995 and 1996. The administrative research file contains historical data from the Unemployment Insurance (UI) data files, the Canada Job Strategy (CJS) files and Records of Employment as well as income taxation data.[2] The UI files used covered the time period from 1988 to 1996 and the other files from 1988 to 1994.

1.2.3.2 Surveys

A panel survey approach was used to track attitudes, activities and intentions of TAGS clients and to assess the actual and perceived impacts of the various TAGS program elements.

The population for the study was TAGS clients who were eligible for pay from TAGS in January 1995. Initial data provided by the Newfoundland TAGS/HRDC RHQ indicated that 39,450 people met that criterion.[3] To have results that would

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[1] Tombstone data from clients' applications to the Program and information such as eligible TAGS rate and duration exist for all clients. Data on counselling and other interventions are not always reliable for clients outside of Newfoundland. The CATS system was developed by HRDC in Newfoundland. Data were downloaded into the CATS system from the Special Pay System (SPS) Program leave data and other sources. For clients outside Newfoundland, equivalent information was not always available.

[2] HRDC's administrative data file used in this evaluation contains information on a representative sample of 10% of Canadians. When dealing with small sub-populations this study made use of a 100% file for historical financial information and income patterns.

[3] Current TAGS/HRDC data show 40,025 clients having qualified for TAGS benefits. Total number of clients showing up as eligible in CATS changed throughout the first two years of the program because of data cleaning and correcting on the part of HRDC, the duration review process and the appeal process. In selecting the sample for each survey wave, the list was updated to include clients who were eligible but had not originally showed up as being eligible. Those who had shown up as eligible but were not, were removed from the sample list.

allow for analyses of subgroups and for drop-off of respondents in future waves of the panel study, a target sample size of 10% or 3,945 was set. This sample size would also allow for results that were accurate within plus or minus 3% at a 95% confidence level.

The HRDC Administrative Research File contains detailed income and employment information for a 10% sample of Canadians with Social Insurance Numbers.[4] This information is taken from Record of Employment files, UI Status Vector files, Canadian Job Strategy data and T1 and T4 Income tax data files.

As a selection criterion, the TAGS client sample contains all TAGS clients in the HRDC Administrative Research File. This procedure generated a representative sample of TAGS clients for whom the Evaluation Team had access to detailed historical income and employment information (1988 onwards). For the population of TAGS clients this produced a sample of 3,856 clients.[5]

In general, response rates for the client survey waves were high. There was a very low refusal rate with the most common reason for non-completion being that the telephone number in CATS was invalid and the client could not be reached by telephone. There was a 70 percent completion rate in the first client survey wave, resulting in 2,709 clients being interviewed.

The second survey wave was complicated by an announcement made while the survey was in the field in July 1996. The Minister of Fisheries at that time announced changes to the TAGS program that reduced the duration of the Program and made cuts to active programming. After this announcement, when respondents were contacted to be interviewed there was a higher refusal rate, the length of interviews that did take place dramatically increased and respondents were tending to give negative responses to all questions.[6]

After consulting with HRDC, the consultants decided to stop interviewing and rely on the third client survey wave for information on clients' income, activities and attitudes in 1996. For this reason the completion rate in the second survey wave is much lower than the first. 61 percent of the respondents interviewed in

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[4] While random selection procedures are not employed by HRDC in the selection of this sample, the sample has been shown by HRDC to be representative of all Canadians with Social Insurance Numbers. As of January 1996, HRDC's Administrative Research file contains all Canadians with Social Insurance Numbers.

[5] Some of those clients who were designated "eligible" clients in the first data file from HRDC turned out to be deceased.

[6] Interviewers felt that whatever questions clients were asked, their responses tended to reflect anger over the changes. The reason for the increase in interview length was the clients spent a long time talking to interviewers about how angry and upset they were over the changes.

the first wave were interviewed a second time and, because interviewing of first time respondents had just begun when the survey was cut short, just 16 percent of the sample who had not been interviewed before were interviewed. The total completed sample was 1,750.

In the third survey wave 2,078 respondents were interviewed. Because the focus was on looking for change over time, interviewing focused on repeat respondents. Over 90 percent of the completed sample were interviewed in either or both of the first or second survey wave. The completion rate for repeat respondents was 67 percent.

In addition to this sample of fully eligible clients, a further sample was drawn of clients whose eligibility had expired on December 31, 1994. These clients had been on NCARP but did not fully meet the TAGS eligibility requirements. They were made eligible for TAGS to give them more time to adjust. This population group was studied separately to provide early indications of adjustment outcomes for TAGS clients after their eligibility expired. Because in total there were only 3,518 such clients, this sub-group of TAGS clients was over-sampled. The 10% of clients who were a part of HRDC's administrative data file were selected,[7] but approximately 1,000 more names were selected randomly until 700 interviews in total were completed.[8] In the analysis of the group, use was made of HRDC's 100% file of administrative data.

To better understand the impact of TAGS, a sample of individuals who were not clients of the TAGS/HRDC program, but who were similar to TAGS clients, was selected as a comparison group. Given economic conditions in rural Newfoundland and in the areas within other provinces where TAGS clients are concentrated, it was difficult to find a comparison group that had similar demographic and social characteristics to TAGS clients. The sample frame chosen was that of individuals who were part of HRDC's administrative data file, had an Unemployment Insurance (UI) claim in 1994, lived in a rural area,[9] and, based on the National Occupation Code (NOC) classification, had jobs which did not require post-secondary education.[10]

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[7] As well as the randomly selected addition to the sample, all trawler workers were included in the sample. Early on in the evaluation it was thought that the study team might analyze trawler workers as a separate group, and since there were only 40 trawler workers in this early expiree group, all were included in the sample.

[8] Because these individuals were no longer eligible for TAGS when first interviewed, file information provided by HRDC was not current and many clients in the sample could not be located.

[9] Canada Post's definition of a rural area is used. All claimants who have a 0 as the second digit of their postal code are designated to be in a rural area.

[10] Education level was not available for the UI claimants, and occupation had to be used as a proxy.

A purposeful stratified sample was chosen for the non-participant comparison group. First, individuals were chosen to match the provincial composition of eligible TAGS clients. Then, within each province, members of the sample were chosen to match the age and gender composition of TAGS clients.[11] In total 1,546 interviews were completed with the 'non-participants'.

The first panel survey of TAGS clients was carried out in October 1995. The second panel was begun in June 1996 but was terminated after approximately half the interviews were completed because of the impacts of the major program changes announced by the Minister of Fisheries and Oceans on July 22. The final client panel was conducted in November and December 1996.

The NCARP Roll-over clients were surveyed in June-July 1995, January 1996 and again in January 1997. The non-participant group was surveyed in October 1995 and in November-December 1996.

1.2.3.3 Interviews

HRDC staff at the national, regional and local levels and officials of other Federal and provincial departments were interviewed on a regular basis to track policy and program changes and perceptions of the effectiveness of TAGS/HRDC implementation. The findings from these interviews were presented in Program Update Reports prepared for each meeting of the Evaluation Advisory Committee.

To understand the impacts of TAGS programs on adjustment and particularly on employment and job creation, interviews were carried out with 'key-informants' in groundfish dependent communities. These included local government officials, officials in community economic development agencies or regional development commissions, leaders in fishing industry organizations (unions, processor associations, etc.) and local business groups (e.g., Boards of Trade), local journalists, and other community leaders. The interviews were carried out in conjunction with visits to the communities for focus group research.

1.2.3.4 Focus Groups

Focus groups were used in the TAGS evaluation process to generate deeper understandings of the feelings, attitudes, motivations and aspirations of TAGS clients. As well, focus groups were used to study the attitudes and experiences of front line TAGS/HRDC staff members.

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[11] For example, in Newfoundland 65% of clients are men and 35% are women. 35% of the total sample for Newfoundland were to be women. Further 17% of women eligible for TAGS are in their 20s. Based on this, 17% of the women in Newfoundland in the sample are in their 20s.

Altogether three rounds of focus groups were conducted: regular rounds with TAGS clients and field staff in April-May 1995 and June 1996, and a special round in the fall of 1996 to examine household issues and the experiences of female TAGS clients. Each round consisted of between 12 and 16 actual groups with at least eight in Newfoundland each time and the rest distributed across the other four provinces. The groups were balanced between plant workers and harvesters, and between the smaller, more remote communities and the larger fishing centres.

A special set of focus groups specifically with TAGS/HRDC staff in the Human Resources Canada Centres[12] (HRCCs) was carried out in Newfoundland and Nova Scotia in early 1996 as part of a detailed examination of the community dynamics of adjustment.

1.2.4 Constraints and Limitations on the Evaluation Study

The most significant challenge for the Evaluation Study was that frequent changes to the TAGS program required adjustments in goals, methods and workplans for the research.

For example, the first survey of TAGS clients was scheduled for March 1995, but was postponed until October 1995 while the first series of TAGS program changes — most notably, the removal of the active requirement — was implemented.

While the second survey was under way in July of 1996, the Minister of Fisheries and Oceans announced a number of additional changes including the end of TAGS adjustment programs and the reduction of the life of the program by as much as a year. Because of the direct impacts of these changes on attitudes and outlooks among respondents, conducting of the survey was terminated and a new panel was undertaken later in the year.

With the termination of TAGS/HRDC adjustment programming in the fall of 1996, the more in-depth analyses of the impacts of TAGS income support, training, employment and mobility programs planned for 1996-97 were cut back.

While these constraints did require adjustments in approach and scheduling, they did not in any way limit the quality or reliability of data collected by the various research activities, nor did they eliminate consideration of key evaluation issues altogether.

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[12] Formerly the Canada Employment Centres (CECs).

2. TAGS/HRDC Program Description

2.1 Objectives of TAGS

The objectives and modus operandi of TAGS have been continually revised through the life of the Program. At its inception in May of 1994, the stated objectives of the TAGS program were:[13]

1. To restructure the fishery industry in Atlantic Canada to become one that is economically viable and environmentally sustainable through resources rebuilding and the reduction of the harvesting and processing capacity.

2. To facilitate the labour market adjustment of individuals affected by the Atlantic fishery crisis.

3. To enhance the profession of fishers who will remain active in the fishing industry.

4. To facilitate community economic adjustment focused on regional strengths and opportunities of those areas affected by adjustments in the fishery industry.

Income support is not explicitly identified in this list of objectives despite the fact that, from the start, the largest proportion of TAGS program spending has been on income support.[14]

The general principles governing the TAGS program included:[15]

- an integrated individual and community approach, responsive to local needs and conditions;

- 'active' adjustment with required participation in counselling, training, mobility, local employment projects or voluntary work programs;

- designation of those clients who will be part of fishery of the future in both the harvesting and processing sectors, and provision of appropriate programs for them to be active on TAGS;

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[13] TAGS/HRDC The Atlantic Groundfish Strategy (TAGS) Guide, Draft, September 26, 1994, p. 2.

[14] It should be noted that the Treasury Board Terms and Conditions for TAGS stated the following objective for the program: " to provide income support to fishers and fish plant workers affected by the East Coast groundfish crisis who undertake to participate in the labour market adjustment programming offered under The Atlantic Groundfish Strategy."

[15] TAGS/HRDC The Atlantic Groundfish Strategy (TAGS) Guide, p. 1.

- emphasis on sustainable development, environmental enhancement, and long-term economic development for Atlantic Canada.

The objectives and principles of TAGS were to be realized through three program components:

- a labour adjustment process delivered by HRDC;
- a capacity reduction process delivered by DFO and the provinces and aimed at a 50% reduction in harvesting and processing capacity in the groundfish industry;
- community economic development activities led by ACOA/FORD-Q with provincial government involvement.

2.2 TAGS/HRDC Program Structure

The HRDC-provided component of the TAGS program was comprised of two elements: income support and labour market adjustment measures.

2.2.1 Income Support

TAGS Transitional Funding Measures were intended to provide income support to displaced inshore and offshore fishers and plant workers with historical attachment to the groundfish industry. Most industry participants who were eligible for the earlier Northern Cod Adjustment and Recovery Program (NCARP) or for the Atlantic Groundfish Adjustment Program (AGAP) were rolled over onto TAGS, and transitional assistance was provided until the end of 1994 for some 3,500 NCARP roll-over clients who did not meet TAGS eligibility criteria.

The rate of income support was based on the average UI benefit rate established by UI claims over the 1990 to 1992 period, less 6%. For NCARP roll-overs the rate was the NCARP rate less 6%. The weekly rate ranged from $211 to $382. Clients who qualified for UI had to draw UI benefits, and they received a top-up from TAGS if their UI benefit rate was lower than their TAGS rate.

2.2.2 Labour Market Adjustment Measures

At the outset of the program every client was expected to be 'active' while on TAGS. Each would receive counselling and would develop an action plan identifying goals for adjustment and/or active participation and the measures to be taken to achieve them. Depending upon age, education level, capacity for mobility, and whether a client was designated part of the fishery of the future, the client's action plan might make use of one or more of the following program elements:

- *Training programs*, including literacy and adult basic education (ABE), academic upgrading, university studies, entrepreneurial training and skills training;

- *Professionalization*, fish harvesters, and possibly plant workers, who were designated part of the fishery of the future were expected to participate in profession-alization programs including specialized training;

- *Green Projects*, employment projects (52 week work/learn cycles) which were originally expected to contribute to enhancement of the environment as well as to job experience;

- *Employment Bonus*, available to clients who found permanent jobs outside the traditional fishery, and were willing to give up their eligibility for TAGS;

- *Wage Subsidy*, given to employers outside the traditional fishery as incentives to hire TAGS clients for full-time permanent jobs, with training as required. TAGS also provided support for clients to seek out such jobs;

- *Self-employment Assistance*, financial assistance, training and technical support for clients to start new businesses outside the traditional fishery;

- *Community Opportunities Pool (COP)*, - clients joined COP projects to undertake community service activities on a voluntary basis. This program was mainly intended for older clients who were unlikely to pursue other adjustment activities;

- *Mobility Assistance*, financial assistance for eligible TAGS participants to relocate to areas where they would be better able to find employment outside the traditional fishery;

- *Early Retirement Programs*, following negotiations with the provinces, voluntary early retirement programs were established for TAGS clients who were between the ages of 55 and 64 as of May 15th, 1995, and who were able to show a long-term attachment to the groundfish industry.[16] There were two early retirement programs - the Fishplant Older Worker Adjustment Program (FOWAP) which was a joint provincial- HRDC program and the Atlantic Fishers Early Retirement Program (AFERP) which was a joint provincial-DFO program.[17] These programs provided eligible clients with retirement income until the age of 65.

While TAGS/HRDC has been reconfigured and scaled back for reasons that will be discussed below, it should be recognized that the program has been an important vehicle

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[16] Note that no agreement was reached in New Brunswick and as a result early retirement programs were not available to clients in that province.

[17] DFO also had a Groundfish Licence Retirement Program.

for testing new social policies and program models including the active requirement, the close integration of income support with training and other employment supports and job creation strategies, and flexible implementation at the regional and local levels. As such, the TAGS/HRDC program has made important contributions to the Human Resources Investment Fund (HRIF) and the active employment measures of the new Employment Insurance regime.

2.3 Constraints on TAGS Implementation

The TAGS program as described above originally had a total budget of $1.9 billion which was allocated among the program elements as follows:

Table 2.1 Original TAGS 1994 to 1999 Budget *(in $ millions)*

Program Element	Original Budget	Percent
Income Support	$688.9	36.3%
Active Programming (Training, Green Projects, etc.)	$746.5	39.3
Early Retirement Programs [18]	$57	3.0
Administration	$80.3	4.2
Total HRDC [18]	$1,572.7	82.8
DFO - Capacity Reduction	$277	14.6
ACOA/FORD-Q - Economic Development	$50	2.6
Total	$1,900	100%

By the end of 1994 it was evident that the TAGS program was encountering major problems in implementation. The most serious constraints identified in the first TAGS Operational Review and in interviews with TAGS managers were:

- *Over-subscription:* TAGS was designed for a caseload of some 30,000. By mid-1995, some 50,000 had applied and just over 40,000 had qualified;

Table 2.2 TAGS Caseload - Forecast and Approved

Province	Forecast	Approved
Newfoundland	23,000	27,934
Prince Edward Island	500	582
Nova Scotia	4,400	7,840
New Brunswick	700	1,134
Québec	1,400	2,535
Total	30,000	40,025

- *Delays in designating core fishers:* DFO did not finalize its criteria for designating core fishers until well into 1995, which affected decision-making on adjustment activities;

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[18] The total HRDC budget component was later revised to $1.7 billion because of the larger than projected number of clients who qualified for TAGS benefits. By the fall of 1995, it was estimated that income support would absorb $1.3 billion, and the other components were revised accordingly, with administration at $66 million and active programming at $285 million.

- *Delays in implementing capacity reduction:* the Industry Review Boards were not up and running until mid-1995, and capacity reduction in both the fleet and the processing sector was slower than anticipated. Provinces have been reluctant to designate fish plants for permanent closure, preferring to leave these decisions to plant
owners;

- *Delays in establishing early retirement programs:* agreement was not reached between the federal and provincial governments on the adjustment options for older workers until late 1995;

- *Delays in implementing community economic development:* ACOA was given the mandate to develop community economic development initiatives to provide local jobs in regions impacted by the fisheries crisis. The implementation of new initatives was delayed by a longer than expected funding approval process. FORD-Q in Quebec did mount substantial community based job-creation activites by mid-1996;

- *Intra-program communications*: in the early stages of TAGS there were some communications problems between HRDC regions and NHQ;

- *Inter-program communications:* co-operation between TAGS officials in HRDC, DFO and ACOA was constrained in the early stages because of differing understandings, operational constraints and timetables. In particular, the DFO designation of 'core fishers' (i.e., harvesters who would have a place in the fishery of the future) took longer than expected, and HRDC staff were frustrated by not knowing who was to be targeted for adjustment out of the groundfish industry;

- *Data management problems:* there were problems setting up the new client file management systems and procedures developed for TAGS, and specifically with the interface between TAGS client data and the UI data systems. This limited the ability of TAGS managers to do accurate and timely cost forecasts and audits. It also meant that for the first year of the program, front-line workers and managers did not have easy access to key client information.

2.4 1995 Program Changes

In response to budgetary pressures and other implementation problems, the following changes to TAGS were announced in February 1995:

1. The requirement for all clients to be active was removed:

- 'core' fishers and plant workers who were deemed to be part of the fishery of the future were not required to be active,

- only clients who were prioritized or 'targeted' on the basis of their age, education levels and interest in adjustment would be expected to be active.

2. Support for professionalization training for harvesters was ended.

3. Budgets for a number of active programs, including training, Green Projects and Community Opportunities Pool (COP) were reduced.

Reflecting the now more focused goals of the program, the TAGS Handbook prepared for TAGS/HRDC staff in late 1995 reduced the objectives of TAGS to two main points:

- to pay income support to TAGS clients in an accurate and timely manner; and

- to assist TAGS clients to adjust out of the groundfish fishery.

2.5 Targeting for Adjustment

Despite a 50% reduction in their budget for active programming in early 1995, TAGS/HRDC managers continued to identify adjustment out of the groundfish fishery as the primary criterion for measuring the success of TAGS. This goal could only be achieved by targeting resources on the clients most likely to succeed in adjustment programs. TAGS/HRDC managers therefore established the following targets for adjustment out of the groundfish industry:

- 12,000 clients self-supporting through employment outside the groundfish fishery;
- 5,500 adjusted out as a direct result of TAGS/HRDC program interventions.

This challenge was to be addressed through measures such as the following:

- improvements in counselling practices, and targeting counselling and training activities more effectively on clients with the best possibilities for success;

- piloting of a new group counselling initiative, Mapping A Plan, which was designed to provide more comprehensive and intensive support for individuals coping with the personal and social challenges of adjustment out of the fishery;[19]

- through partnerships with industry organizations, additional pilot projects were undertaken to target counselling and training on those TAGS clients who, because of age, education levels, or location in isolated areas, faced the most serious adjustment constraints;

[19] While an evaluation of the pilot showed that it had positive impacts, Mapping A Plan was never fully implemented because of budget constraints within TAGS/HRDC.

- the criteria for Green Projects were made more flexible, opening up possibilities for a wider range of job creation projects.

2.6 The July 1996 Program Changes

On July 22, 1996, the Federal Minister of Fisheries announced the following changes to the TAGS Program:

1. Special TAGS adjustment activities such as training would no longer be made available under TAGS as of August 1, 1996.[20]

2. TAGS clients who applied for Employment Insurance (EI) would no longer be paid TAGS benefits during the two-week EI waiting period.

3. No TAGS benefits would be payable to individuals whose total income (including TAGS benefits, Employment Insurance and earnings from work) exceeded $26,000 in any given calendar year.[21]

4. To maintain income benefits at current levels and stay within the $1.9 billion budget, the Strategy would have to end when funds are exhausted, which will be in August, 1998.[22]

These changes were made to avert substantial cost over-runs. It was estimated that income support payments alone would cost the government $900 million over the period from April 1, 1996 to May 15, 1999, while the budget remaining for TAGS benefits was only $400 million. With the announced changes, all remaining TAGS funds were reallocated to income support except for economic development and a portion of funds allocated to licence retirement. The cuts to administration and active programming would reduce the overall shortfall by $330 million. The remaining $170 million shortfall will be resolved by ending the program earlier than planned.

TAGS is now scheduled to end in August 1998.

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[20] TAGS clients on training or employment programs when the announcement was made were able to complete their programs and were eligible to apply for new training or other supports through the EI program if they had had a UI/EI claim any time in the previous 3 years.

[21] If a client received TAGS benefits and had income from other sources such that the total exceeded $26,000, that client would have to pay back any TAGS benefits that had been received over and above the $26,000 limit.

[22] Source: HRDC document "TAGS Notice to Clients", July 1996.

3. Participant Profile

3.1 Client Characteristics

After all applications and appeals had been processed, 40,025 individuals were eligible to receive TAGS benefits. The following are some important characteristics of this TAGS population:

Table 3.1 Characteristics of the TAGS Population

Variable		# Clients[23]	Percent
Province	Newfoundland	27,934	70%
	Nova Scotia	7,840	20
	New Brunswick	1,134	3
	Prince Edward Island	582	1
	Québec	2,535	6
Total		40,025	100%
Occupation	Fisher	13,999	35%
	Plant Worker	24,415	61
	Trawler Crew	1,468	4
Total		39,882	100%
Gender	Female	13,929	35%
	Male	25,891	65
Total		39,820	100%
Age	< 30	6,058	15%
(as of 12/94)	30 to 39	14,286	36
	40 to 49	12,091	30
	50 to 59	5,752	15
	> 59	1,553	4
Total		39,740	100%
Education	Less than High School	28,121	72%
	High School Completed	7,243	19
	Some Post-secondary	3,633	9
Total		38,997	100%

As Table 3.1 shows, many TAGS clients face serious challenges in labour market adjustment, including:

- Having very low levels of formal education - 72 percent have less than a high school level of education;
- Being older - 49 percent are 40 or more years old;
- Living in areas with high unemployment - 70 percent living in Newfoundland, the province with the highest unemployment rate. Further, what the table does not show is that most clients both inside and outside of Newfoundland live in rural areas where unemployment rates tend to be high.

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[23] The frequencies given for each variable do not always add up to the total (40,025) because of small numbers of missing cases in the data.

Under the TAGS eligibility rules, TAGS clients qualified for different levels of benefits over varying lengths of time. The following table describes duration and benefit rates for TAGS clients:

Table 3.2 Duration and Benefits of TAGS Clients

Variable		# Clients	Percent
Duration of	32 weeks (NCARP Roll-overs)	3,518	9%
Benefits	104 - 155 weeks	968	2
	156 - 207 weeks	5,559	14
	208 - 260 weeks	29,980	75
Total		40,025	100%
Eligible Weekly	$211 - $219	11,140	28%
Benefits Rates	$220 - $259	6,911	17
	$260 - $299	5,376	13
	$300 - $339	4,809	12
	$340 - $382	11,789	30
Total		40,025	100%

3.1.1 Sub-group Differences

Age, level of formal education and TAGS benefit rate all influence the decisions clients make about adjustment. There are some important variations within the broad categories described in the above tables:

- fisher and plant worker differences;
- gender differences;
- household composition differences.

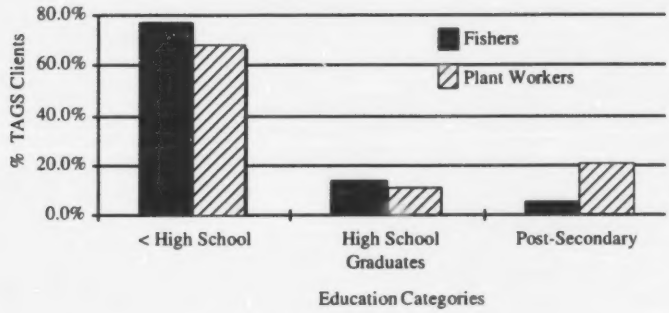
3.1.1.1 Fisher/Plant Worker Differences

Age is a key factor influencing likelihood of adjustment and also in determining appropriate adjustment measures. There are some age group differences between fishers and plant workers. Fishers are relatively over-represented in the oldest and youngest categories while plant workers are more likely to be in their 30s and 40s.

Chart 3.1 Age Differences

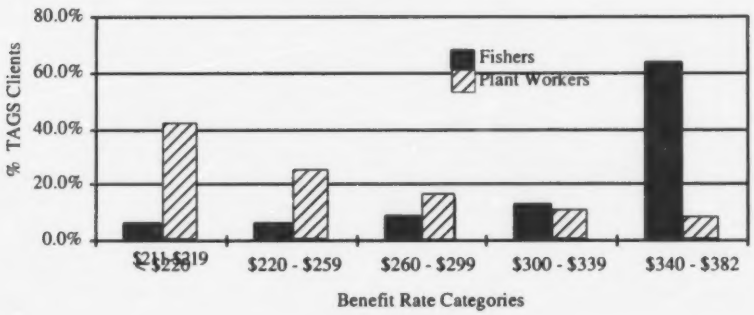
With regard to education, the following chart clearly reveals the reality of low levels of schooling among TAGS clients. Fishers have generally lower levels of formal education than plant workers, and the latter were more likely to have had exposure to post-secondary education (21% of plant workers compared to 6% of fishers).[24]

Chart 3.2 Education Differences



Dramatic differences between TAGS fisher and plant worker clients appear when we compare the level of TAGS benefits for which they are eligible.

Chart 3.3 Benefit Rate Differences by Occupation



This chart indicates that the majority of fishers were able to qualify for the higher TAGS benefit rates, while plant workers generally were eligible for lower benefit rates. These trends reflect the differential impacts of the formula for calculating TAGS benefits levels based on UI benefits received prior to TAGS. Many fishers qualified for the maximum UI benefit rates based on the different rules for fisher's UI, while plant workers on regular UI could not qualify for the higher UI rates.

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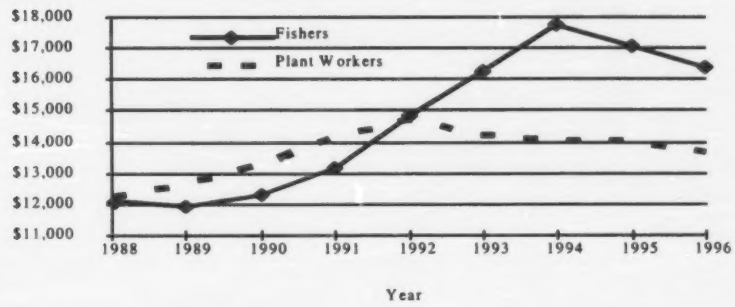
[24] Clients with any exposure to post-secondary education or training were put in the "post-secondary" category. Not all clients identified as having post-secondary education would have completed high school. It cannot be assumed, therefore, that every client in the post-secondary category is more advanced in their formal education than clients in other categories.

There are also important income differences between fishers and plant workers.[25] Chart 3.4 shows that income patterns have been very different for fishers and plant workers.

Chart 3.4 Median Total Annual Income, Fishers and Plant Workers



While fishers qualified for somewhat longer periods of TAGS income support, the differences between fishers and plant workers with regard to duration of benefits were not as significant as they were for TAGS rates.

3.1.1.2 Gender Differences

Close to 90% of women who are eligible for TAGS are plant workers and women make up just over half of the plant worker population. However, as a group, plant workers show some distinguishing characteristics that cannot be attributed to gender, and female clients, as a group, have characteristics that cannot be explained by their occupation. Somewhat more complex relationships exist where male fishers and male plant workers are different from each other and both are different from female clients.

TAGS benefit rate and the duration of TAGS benefits received by clients are different for both gender and fisheries occupation. As chart 3.3 shows, fishers tended to qualify for higher benefit rates than plant workers. Men also tend to be eligible for higher benefit rates than women. This relationship is not a straightforward one where men receive higher benefit rates because most are fishers. Male plant workers have eligible rates more similar to fishers than do female plant workers, although their eligibility rates are still lower than that of fishers. Chart 3.5 compares eligible benefit rates for males and female plant workers only.

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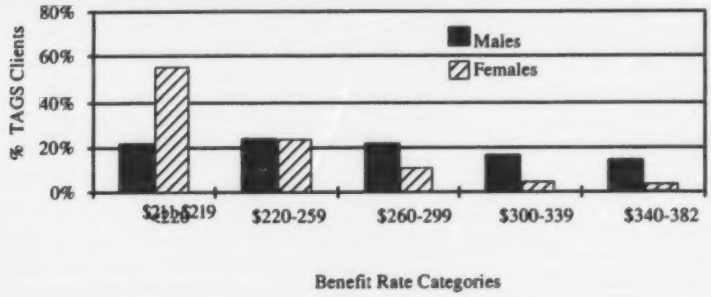
[25] For 1988 to 1994 total taxable income from T1 income tax data is used for want of a better measure. For fishers, net income is often negative and total income often includes wages paid to crew. To allow for incomes of fishers and plant workers to be compared, this leaves no other choice besides total taxable income. 1995 and 1996 income are estimated from TAGS Pay data. Please see "Appendix 1: Measuring Adjustment and Income" for an explanation of how income is calculated for 1995 and 1996.

Chart 3.5 Benefit Rate Differences by Gender - Plant Workers



Among TAGS plant worker clients alone, 59% of women are eligible to receive the lowest benefits compared to 22% of men, and 1% of women are eligible to receive the highest rate compared to 15% of men. Fishers and plant workers as well as male and female beneficiaries received different level of TAGS benefits. The precise reasons for these discrepancies are not evident from this data. Factors might include different labour force participation patterns, different work opportunities and assignments in plants, and differences in how the UI/EI benefits are calculated for fishers and plant workers.

As with benefit rates, differences exist in duration of benefits between male fishers, male plant workers and female plant workers. Fishers were the most likely to qualify for the longest duration, with 60% being in the highest category (eligible for 244 weeks or more). As with eligible benefit rates, fishers tend to have the longest durations, followed by male plant workers and then female plant workers: 56% of male plant workers were in the maximum duration category compared with 41% of female plant workers.

3.1.2 Household Composition

The data on household composition comes primarily from the panel surveys carried out by the TAGS/HRDC Evaluation Project.

As the following table shows, the great majority of TAGS client live in households with spouses (83%), and half live with spouses and one or more children.

Table 3.3 TAGS Clients Household Composition

Variable		Percent
Household Composition	Spouse, 1 or more children	49
	Spouse only	34
	Lives alone	5
	Single parent	3
	Other [26]	10
Total		100
N		2,865
Number of Children in Household (under age 18)	None	48
	1	25
	2	20
	3	6
	4 - 7	1
Total		100
N		2,858

According to the survey data, 3% of TAGS clients (5% of female clients) are single parents. This contrasts sharply with trends in the general population where single parent families make up 13% of all families in Canada (12% in Newfoundland)[27], pointing perhaps to the greater social cohesiveness and stability of fishing communities.

Just over half the TAGS clients have young children living at home. While 48% of the TAGS clients surveyed reported that they have no children in the household, of these some 29% indicated that they have adult offspring still living at home, and many others have grown children who have left.

Some 70% of TAGS clients live in households where other members contribute financially, and 42% of these households have more than one person who is on TAGS. Women are more likely than men to live in households where others contribute financially.

These data clearly indicate that the great majority of TAGS clients live in households with other family members. We must therefore assume that their decisions on labour market adjustment will be shaped and constrained by household and family considerations and in particular by the necessity to maintain support for dependent family members.

[26] "Other" includes all other combinations, although most are TAGS clients without spouses or children who are living with their own parents.

[27] Census Canada, 1991.

3.1.3 Challenges Faced by TAGS Clients Compared to Other HRDC Clients

Analysis of the survey findings from the non-participant comparison group reveals significant differences between the TAGS/HRDC client population and regular UI/EI clients in the same areas with similar age and education profiles.

TAGS clients were more likely to have received employment counselling than those on Unemployment Insurance/Employment Insurance. Those who received counselling were also more likely to have found it useful than UI/EI clients receiving employment counselling. Despite this, TAGS clients have faced greater barriers to finding employment than did other potential members of the work force.

Comparison of TAGS clients with the non-participant comparison group of UI/EI clients provides clear evidence of the special challenges faced by TAGS clients in adjusting to the collapse of the groundfish industry and by HRDC in attempting to meet their adjustment targets.

- TAGS clients were initially more likely to have taken training because they thought TAGS required it or because their counsellor suggested it. Non-participants tended to take training based on job opportunities and labour market information. As TAGS continued, clients were more likely to take training based on job opportunities and labour market information, but not to the same extent as the UI comparison group.

- TAGS clients were more likely that non-participants to report every type of barrier to employment suggested, including lack of formal education, child care needs, personal debt and work plans of other family members. They were less likely to be willing to move.

- TAGS clients were more likely that non-participants to indicate that they had unmet training needs;

- TAGS clients were less likely that non-participants to have been employed in either 1995 or 1996 and they had lower overall incomes. TAGS clients were much less likely to have worked enough in 1996 to qualify for EI.

3.2 TAGS/HRDC Counselling

Based on the CATS Counselling Detail file, 44% of clients outside of Québec have received counselling and have had a counselling goal set.[28] For those clients who did receive counselling, the following are the most typical goals that were set:

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[28] This information is available from CATS for all clients except for those in Québec. Data were downloaded into the CATS system from NESS for clients in Nova Scotia, New Brunswick and PEI, but not for clients in Québec.

Table 3.4 TAGS Clients' Goals

Goal Set During Counselling	% of Counselled Clients
Career decision-making	25
Skill enhancement	27
Job search	21
Employment maintenance	27
N	16,306

Plant workers were more likely to have received counselling than fishers, with 49 percent of plant workers having received counselling compared with 33 percent of fishers. For fishers only, as the TAGS eligibility rate increases the percentage having received counselling decreases (from 42% of those with a rate of $211-$220 to 31% for those with a rate of $340 or more).

No significant differences in counselling patterns appear between male and female plant workers. However, the more educated clients were, the more likely they were to have received counselling.

39 % of clients who had not graduated from high school received counselling compared with 53 % of those who had graduated from high school and 58 % of those who had post-secondary education. The younger the clients were, the more likely they were to have received counselling.

These trends show the influence of targeting by TAGS/HRDC counsellors in that younger clients and more educated clients were more likely to have received counselling. While NCARP roll-overs were by far the least likely to have received counselling, other clients with shorter duration were more likely to have received counselling than other clients. It appears that TAGS counsellors focused their efforts on those clients who were perceived to be the most "adjustable".

3.3 Training

The CATS data indicate that 10,693 TAGS clients (27% of the total client population) took training under TAGS between May 1994 and December 1996.[29] Clients in Newfoundland were somewhat more likely to have taken training than clients in Nova Scotia (29% compared with 22% in Nova Scotia), but clients in New Brunswick and PEI were the most likely to have done training (35%). Data for Québec were not reliable.

[29] In CATS the type of training program is not specified outside of Newfoundland. In that province the types of training programs taken are classified as certificate programs (51 percent), diploma programs (33 percent), degree programs (1 percent) or are unspecified (15 percent).

Clients whose eligibility expired early (i.e. between May 1996 and March 1997) are slightly more likely to have done training than clients who are still eligible. Clients who took employment bonus[30] are as likely to have done training as clients who are still eligible. Very few clients who took early retirement or licence retirement did training (5% and 9% respectively compared with 27% of all clients).

Plant workers were much more likely to have taken training than fishers (33% compared to 13 %). Male and female plant workers were equally likely to have taken training whereas female fishers were slightly more likely to have done training than male fishers.

The higher the level of formal education when TAGS started, the more likely a client was to have taken training:

- 22% of clients who did not have high school took training;
- 37% who had graduated from high school took training; and,
- 43% who had post-secondary education took training.

Similarly, training activity was related to age.

- 40% of clients in their 20s did training;
- 34% of clients in their 30s did training;
- 23% of those in their 40s did training;
- 9% of those in their 50s did training; and,
- just 2% of those 60 or above did training.

The following table indicates the subject matter for training courses taken by TAGS clients:

Table 3.5 Types of Training taken by TAGS Clients

Types of Training	Number of Training Instances	Training Instances of 60 Days or More
Skills training	6,924	4,999
Academic upgrading	2,767	2,407
Fishing related training	777	263
Life skills training	737	115
Processing related training	465	38
Training type unspecified	506	334

* Clients may have taken more than one type of training

[30] Note that 328 clients exited TAGS on Employment Bonus B see section 3.5.

One-third of clients who took training took more than one training course under TAGS/HRDC, and are counted more than once in the above table. As Table 3.5 shows, most of the training funded by TAGS/HRDC was either skills training or academic upgrading. Except for the life skills and fishing/fish processing related training, most training under TAGS was 60 or more days in length.

There is regional variation in the types of training taken, with clients in Newfoundland less likely to take skills training than clients in Nova Scotia, New Brunswick and PEI.[31] Data for Québec clients were not reliable.

Clients with higher levels of formal education were the most likely to have taken skills training:

- 13% of those with less than high school did skills training
- 27% of those who graduated high school did skills training; and,
- 36% of those with post-secondary did skills training.

Similarly, the likelihood of having done skills training decreases with age:

- 27% of those in their 20s did skills training;
- 23% in their 30s did skills training;
- 14% in their 40s did skills training;
- 5% in their 50s did skills training; and,
- 2% of those 60 or above did skills training.

Plant workers, regardless of gender, were much more likely than fishers to have taken skills training (22% compared with 9%).

3.3.1 Academic Upgrading and Adult Basic Education (ABE)

According to CATS[32], 7% of clients in Newfoundland took academic upgrading. Women were more likely to have done upgrading than men, and plant workers did more upgrading than fishers.

Not surprisingly, clients with less than a high school education are the most likely to have done upgrading, but there is not much difference between the education categories.[33] Clients in their 20s were the most likely to have done upgrading (11%) and the percentage decreases with age.

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[31] As an estimate, if the number of training instances is compared to the number of clients, 15% in Newfoundland took skills training compared with 22% in Nova Scotia, 44% in New Brunswick, and 39% in Prince Edward Island.

[32] Reliable data were unavailable outside of Newfoundland.

[33] As discussed earlier, this could be a reflection of the weakness of the information on level of education that is available.

Questions were asked in the client surveys about the benefits for clients from taking academic upgrading or ABE. Given the low levels of formal education among the TAGS population, upgrading is often a necessary first step for many clients. As well as learning academic skills, they address issues of self-confidence and self-esteem.

Table 3.6 Benefits of ABE

Benefits received by clients taking ABE	% who said they were helped very much by ABE	N
More self-confident	65%	155
Better able to help children in school *	67	113
Better able to encourage my children to stay in school *	93	113
New goals and plans for the future	50	142
Better employment prospects	42	151
Confidence to take other courses to improve job prospects	63	155
Confidence to apply for jobs outside of fishery	59	151

* of those with children

The above table reports the percentage of clients who took ABE courses who indicated that the courses helped them very much in each area. As the table shows, most clients who did ABE were very positive about its value. 38% of clients who took ABE under TAGS have finished the course. Of these, 26% have gone on to take other training. Of those who have not finished, 47% think that they will take other training once they have completed their ABE.

A further indication of the usefulness of ABE is that clients who have done ABE were much more likely than others to indicate that they were better prepared to work outside the groundfish industry than they were when they started on TAGS. They were also much more likely to attribute being better prepared to work outside the groundfish industry to the TAGS Program than were other clients.

3.3.2 Client Attitudes Toward Training

Clients were asked the extent to which skills training has helped them prepare for employment outside of the groundfish industry and also how much skills training has helped improve their chances of finding work outside of the groundfish industry. In both cases respondents rate the help from training under TAGS to be high. In the first question, 74% of clients who have taken skills training rate the amount that training has helped them prepare for work outside the groundfish industry to be 7 or above on a 0 to 10 scale. 65% rate highly the degree to which skills training has improved their chances of finding work outside of the groundfish industry. Plant workers are more likely to rate both items highly than are fishers, with the biggest difference being on the first question.

Clients were also asked why they took training. Their answers changed over the course of TAGS. In 1995 clients were much more likely to indicate that they took training because the program was offered locally, because it was mandatory under TAGS, because it was

free, or just as something to do, than they were in 1996. In part this is a reflection of the lifting of the active requirement. It may also indicate better counselling and targeting. In 1996 80% of clients gave "good" reasons for taking training — to pursue job opportunities in response to labour market information, to realize personal ambitions, to upgrade skills, or to improve career opportunities.

Clients who have taken skills training at any point in the past were asked if their usual work is in the area in which they received training. 34% indicated "yes" and another 14% said that they had had some work in the area in which they received training.

15% of clients who have ever done any skills training paid any tuition for skills training. Almost half of clients (48%) indicated that they would have been willing to pay tuition and another 12% indicated that they might have been willing, depending on different things such as the amount of the tuition or if they could afford it. Of those who would have been willing to pay tuition, 38% would, if necessary, have taken a student loan to do the training.

3.4 Employment Patterns for TAGS Clients

3.4.1 Employment Data Sources

The CATS system was used to track the employment status of clients. In addition, information on interventions was downloaded from the TAGS Special Pay System (SPS) for clients in other provinces. The information for Newfoundland and other provinces is not equivalent. In Newfoundland counsellors were instructed to enter all employment that a client had while on TAGS and to assess whether or not employment was permanent or temporary. Counsellors could also use the system to enter all past employment to have the information needed to counsel the client. This was up to the counsellor. In addition, CATS was used to keep track of employment programs funded under TAGS. It is this information together with information on other government employment programs that has been downloaded from SPS.

There are employment records for 32% of all TAGS clients in Newfoundland. Clients have anywhere from 1 to 11 employment records for the period from May 1994 to December 1996, although 85% of the clients for whom there are records have just one record.

The main purpose of the Employment Tracking component of CATS was to help counsellors have current and accurate employment information on clients. This information was then used in the counselling process. While in theory this module of CATS was also meant to document the employment of TAGS clients, practical limits on counsellors — time mean that it is very incomplete. Counsellors tended to enter records only for clients whom they counselled and only kept records up to date for clients receiving ongoing counselling. For this reason, there are discrepancies between CATS data and survey

data. As discussed in the next section, 36% of TAGS Newfoundland clients who were surveyed reported having had no employment (including those who were looking for work or waiting to be called back to a job) in 1996. This contrasts sharply with the equivalent CATS figure of 69%. For this reason CATS data on employment are not analysed or discussed further in this report.

3.4.2 Survey Findings on Employment

In the 1996 surveys, clients were asked for detailed information on their employment over the previous year. In addition, those who worked in the fishery, either fishing or processing were asked what species they caught or processed.

Table 3.7 TAGS Clients Employment Status

	All Clients	Newfoundland	Nova Scotia
Employment	19%	21%	12%
Self-employment	40	37	50
Both	5	3	12
Retired	1	2	1
Waiting to be called back	12	13	5
Looking for work	12	11	12
No work/none of above	11	12	8
	100%	99%	100%
N	2,044	1,599	342

Women were more likely than men to have not had any work, and were also more likely not to be looking for a job or waiting to be called back to a job. Plant workers were the most likely to be waiting to be called back to a job, and were much less likely to have found employment in 1996 (79% of fishers found work compared with 56% of plant workers). This is as true for male plant workers as for female plant workers.

Close to 80% of clients in their 20s were able to find jobs compared to 55% of those in their 50s and only 29% of those 60 or above in 1996. The higher the TAGS benefit rate the more likely a client was to have found work. This was true even when fisheries occupation was controlled. Duration of eligibility was not related.

80% of TAGS clients who worked in 1996 had their main job as fishing or working in a fish plant.[34] The table below shows the main type of work clients had in 1996:

[34] For clients with more than one job, "main job" is the job in which a client earned the most income.

Table 3.8 Main Types of Employment for TAGS Clients in 1996

Main type of work in 1996	% of Clients
Fishing	29%
Fish processing	23
Not fishing related	13
Retired	1
No work in 1996	35
Total	100%
N	2036

Nova Scotia clients were more likely to have found work than clients in Newfoundland, and did better at finding jobs outside the fishing industry (19% compared with 11% in Newfoundland). Fishers were much more likely to have found work than plant workers. (19% were in the "no job" category compared with 43% of plant workers.) 17% of plant workers found non-fishing related work in 1996 compared with just 6% of fishers. 72% of fishers had work fishing, whereas only 36% of plant workers had plant work.

The more formal education possessed by a client, the more likely that person was to have found work that was not fishing related. 9% of clients with less than high school, 18% of clients who had graduated from high school and 28% of clients with at least some post-secondary, were able to find employment that was not fishing related.

The longer the duration of eligibility, the less likely a client was to find work that was not fishing related, but the more likely the client was to have found work fishing. There is no relationship between duration and having found fish processing work.

Clients who either fished or processed fish were asked questions about the species they fished or processed. 79% of those who fished in 1996 fished more than one species, and 57% of those who processed fish processed more than one species. Clients who fished or processed more than one species were asked which was the most important.[35] The table below reports the most important species (which includes the only species for clients who only worked with just one species):

[35] If they had more than one job with one or more than one species, then the most important species for the job at which they earned the most income is included here.

Table 3.9 Key Species for Clients finding work in other Fisheries

Key Species, 1996	Fishing		Plant work	
	All Prov	NF	All Prov	NF
Crab	36%	41%	31%	37%
Lobster	24	23	3	1
Cod	7	4	22	21
Other Groundfish	8	6	16	14
Other	25	27	28	28
	100%	101%	100%	101%
N	515	421	468	341

As the table shows, crab was the most important species for both fishers and plant workers in Newfoundland.[36]

3.5 TAGS Employment Programs

As the following table indicates, none of the TAGS employment programs were used extensively. The table shows the number of program instances for each program.[37]

Table 3.10 Instances of Employment Programs as of December 1996

Employment Program	# of uses [38]
Community Opportunities Pool	1,428
Green Projects	1,270
Job Opportunities	632
Wage Subsidy Agreement	349
Employment Bonus	328
Self-employment Assistance	150
Job Development	10
Other	49
Total	4,216

It is also interesting to look at the number of clients who participated in employment programs. In total 10% of all TAGS clients participated in one or more TAGS employment programs. There are significant regional differences in the percentages of TAGS clients who participated in TAGS/HRDC employment programs:

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[36] Important species in the "Other" category are shrimp, capelin, mackerel and lumpfish. The number of respondents in Nova Scotia does not allow for the presentation of detailed results on key species, however, lobster and cod are important species for fishers in NS. Other groundfish are important to both fishers and plantworkers.

[37] If an individual participated in more than one of the same kind of program (e.g. two different Green Projects) then each is counted separately.

[38] Note that this does not correspond to number of clients but rather to number of employment programs. If the same person participated in more than one program, then each is counted separately and included in this table.

- 37% in Québec ;
- 14% in Nova Scotia;
- 13% in PEI;
- 11% in New Brunswick; and
- 6% in Newfoundland.

There were also significant differences in the use of employment programs among the CEC/HRCCs within provinces. In Newfoundland, employment programs were used most in St. John's metro, Stephenville, Rocky Harbour and Port aux Basques. In Nova Scotia they were used most often in Inverness, North Sydney, Dartmouth and Halifax.

In general men and women were about equally likely to have participated in TAGS employment programs. Plant workers (12%) were more likely than fishers (7%) to have done so and non-SEC fishers slightly more likely than SEC fishers.[39] 30% of trawler workers participated in TAGS employment programs. Clients in their 20s, 30s and 40s were equally likely to have participated in TAGS employment programs, whereas clients 50 and above were less likely to have done so. Benefits rates and duration were unrelated to likelihood of having participated in an employment program.

3.5.1 Community Opportunities Pool (COP)

As mentioned above, 4% of all clients participated in COP projects. Women and plant workers were slightly more likely to have participated in COP (both relationships exist independently.) Clients with the shortest durations (104 to 155 weeks) were the least likely to participate in COP. Clients in their 40s were more likely to participate in COP than any other age group. Very few clients who participated in COP had permanent employment.

COP was used the least in Newfoundland (3% of all clients) and the most in New Brunswick (10%) and Québec (9%).

3.5.2 Green Projects

Just over 3% of all clients participated in Green projects. These projects were used the most in Québec where 13% of all clients participated in Green Projects. 6% of clients in Nova Scotia and 2% of clients in Newfoundland participated in Green projects.

Men were more likely than women to participate in Green projects but there was no relationship between fisheries occupation and likelihood of having worked on a Green Project. The more formal education a client had the greater the likelihood of their having

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[39] Special Eligibility Criteria (SEC) fishers are those TAGS clients who have been designated by DFO as having a place in the fishery of the future on the basis of their licences held and their past earnings from sales of fish.

worked on a Green Project. Clients in their 50s or older were less likely to work on a Green Project than clients under 50, and clients with the lowest TAGS rates (from $211 to $220) were less likely to work on a Green Project than other clients.

3.5.3 Other Employment Programs

The remainder of TAGS/HRDC employment programs had very low participation. These are as follows:

- **Job Opportunities**
  The Job Opportunities option was used primarily in Québec, where 17% of all clients made use of it. Plant workers were more likely to participate in Job Opportunities, but this was primarily a function of program use in Québec.

- **Wage Subsidy Agreement**
  Wage Subsidy Agreement (WSA) was used the most in PEI, where 3% of clients participated in Wage Subsidy Agreements. Clients with more schooling and younger clients were also more likely to use WSA.

- **Employment Bonus**
  This option was used most in Nova Scotia. Those who participated in Employment Bonus were most likely to be clients in their 20s or 30s and to have a post-secondary training.

- **Self-employment Assistance**
  Very few clients used this option, and there does not appear to be any meaningful relationship with client characteristics.

3.6 Mobility

3.6.1 The Mobility Assistance Program

In total, 803 TAGS clients (2% of all clients) received Mobility Assistance. Mobility Assistance was not widely used in any province, but was used twice as much in Newfoundland as in any another province and was not used at all in New Brunswick. Men were more than twice as likely as women to have participated in this program, and plant workers and trawler workers were more likely to receive Mobility Assistance than fishers. Age was also an important determinant, as clients in the 20s were much more likely than any other age group to have received Mobility Assistance. The lower the TAGS duration, the more likely a client was to have received Mobility Assistance, however the TAGS benefit rate does not seem to have been a factor. TAGS clients who received Mobility Assistance tended to have significantly higher levels of formal education than other clients.

There are two types of Mobility Assistance under TAGS — Exploratory and Relocation. Among the clients who received Mobility Assistance the distribution was as follows:

- 40% used Exploratory Mobility Assistance;
- 32% used Relocation Mobility Assistance;
- 10% used both Exploratory and Relocation Assistance; and
- 18% of usages were unspecified.

The destinations of Newfoundland clients who used Mobility Assistance for relocation or exploratory purposes included:

- 29% to Alberta;
- 25% to Ontario;
- 14% to British Columbia;
- 9% moved within Newfoundland;
- 6% to the Northwest Territories;
- 5% to Nova Scotia; and
- 7% unspecified.

The remaining clients received Mobility Assistance to leave Canada.

In Newfoundland, Mobility Assistance was used the most in the St. John's Metro HRCC, followed closely by the Port aux Basques HRCC. In both cases, 6% of their clients received mobility assistance. Clarenville and Springdale also made greater than average use of the Mobility Assistance program. Very little use was made of Mobility Assistance in Happy Valley, St. Anthony, Harbour Grace, Stephenville, Gander and Placentia HRCCs. In all of these, 1% or less of clients received Mobility Assistance. In Nova Scotia, Mobility Assistance was more consistently utilized among HRCCs.

3.6.2 Survey Findings on Mobility

In both the 1996 Client survey panels, clients were asked whether or not they had moved, whether or not they had received Mobility Assistance, and whether or not they were willing to relocate.

Based on the survey results, 5% of all clients have relocated since the beginning of TAGS, and another 2% have left for seasonal work and returned home once the season was over. Like the CATS data, the survey shows that 2% of all clients received Mobility Assistance.

Clients in Newfoundland were more likely to have relocated than clients in Nova Scotia. Interestingly men and women were equally likely to have relocated, but men were much more likely to have gone away to work seasonally. Plant workers were more likely to

have relocated than fishers, although fishers were more likely to have gone away to work seasonally. This is true even when gender is controlled.

The more formal education clients had the more likely they were to have relocated. Clients in their 20s were by far the most likely to have relocated — 14% of clients in their 20s have done so compared with 6% of clients in their 30s — and the percentage continues to diminish as age increases. Younger clients were also more likely to have gone away to work seasonally but the differences were not as large. 10% of clients with less than 156 weeks of TAGS/HRDC benefits relocated, compared with 3% of clients with a duration of 220 weeks or more.

38% of clients who had relocated indicated that they had received Mobility Assistance from TAGS/HRDC to do so. 7% of those who went away to work seasonally also indicated that they received Mobility Assistance from TAGS/HRDC. None of the clients in Nova Scotia reported having received Mobility Assistance from TAGS. Half of the clients who relocated reported in the survey that they had done so within their own province. Clients who moved outside of their home provinces were most likely to relocate to Ontario, Alberta or British Columbia. Clients were most likely to relocate either alone or with a spouse, but not with children.

Clients who have not relocated were asked questions about willingness to relocate. 45% of all clients surveyed expressed a willingness to relocate outside of their community to look for work. 23% of these people had taken steps towards moving. When those who indicated a willingness to move were asked to rate the likelihood that they would move to another community in the next two years, 53% rated the chances as low. The remaining clients rated the chances as medium to high, with those in the high category represented 11% of all TAGS clients.

57% of clients who were willing to relocate from their home communities were also willing to relocate from their home province. These clients represented 29% of all TAGS clients. Clients who rated the chance that they would relocate outside their home province in the next two years as high represented 7% of TAGS clients.

Clients who were most likely to be willing to relocate can be described as follows:

- more than twice as likely to be plant workers as fishers;
- equally likely to be men or women;
- most likely to be in 20s with likelihood decreasing with age (biggest difference between 20s and 30s, and gradual change after that);
- more likely to have more formal education;
- less likely to be at home with spouse and children;
- more likely to have shortest duration for TAGS/HRDC benefits;
- most likely to have had no job in 1996.

3.7 Future Expectations

The client survey included general questions about expectations for the future. About half of the TAGS clients had the view that they would be either fishing or working in a fish plant in the year 2000, a view that increased slightly from 1995 to 1996. Such an increase might be due to the expected announcement of the re-opening of a small groundfish fishery off the south coast of Newfoundland and in the northern Gulf in 1997. About 20% expected to be working outside the fishery in 1995 and again, almost the same proportion in 1996.

The resilience of the *stay inside the fishery* attitude reflects the ambiguity surrounding the future of the fishery — plants were not designated as staying open or closing, plant workers were receiving confusing and often conflicting messages about the future of their jobs, and many were hearing rumours about the state of groundfish stocks and possibilities that the fishery might re-open. A third of TAGS clients in 1995 and again in 1996 responded "don't know" to the question "What will happen when TAGS ends"? About 35% of respondents in both years felt that clients will be on their own (i.e., won't qualify for any income support including EI) or will be on social assistance after TAGS ends.

TAGS clients appear to be well informed about EI regulations, and most felt that the implementation of the EI system would have a negative impact on them. Only 21% said that the EI Changes would have no impact.

3.8 Unsolicited Client Contacts

The Evaluation Team received an unprecedented number of telephone calls and letters from TAGS clients. These calls were triggered by letters sent to clients in the survey sample requesting that they participate in an upcoming survey. Over 200 calls were received from clients between September 1995 and March 1997. Such a volume of calls has never occurred before in the experience of the survey staff and of other experienced survey providers in Canada and the U.S.

The calls fell into two categories:

- calls to provide a correct phone number or to indicate an appropriate time to call. These clients wanted to ensure that they were included in the survey;

- calls to request information or assistance with a problem with the TAGS program.

The calls mainly came in response to the first wave of the survey. Approximately 50 calls of this type were received, indicating the unusual degree to which clients felt they were not being listened to and wanted to vent their frustrations or share their experiences on TAGS.

Callers with problems were asked if they wanted to have their cases referred to HRDC. If so, a memo was sent to an agreed-upon HRDC contact who would attempt to resolve the matter. If the situation was sensitive one (e.g., a client who felt mistreated or misinformed by an HRDC outreach officer or HRCC staff member) confidentiality was maintained. This arrangement applied to all regions. Efforts were made to resolve every issue, and the Evaluation Team followed up with the regional HRDC contact and the client to confirm that the issue had been addressed.

The requests for information and assistance can be grouped into four main categories:

- eligibility criteria and duration issues;
- problems with gaining access to specific information on programs; or the programs themselves;
- problems with individual counsellors or HRCCs;
- problems with cheques not being received.

3.8.1 Eligibility Criteria and Duration Issues

Calls were received from some clients, particularly clients whose eligibility expired on December 31, 1994, complaining about others in their community with less attachment to the fishery but who were still eligible for TAGS. A common complaint was that family members of other fishers had qualified for TAGS or gained a certain duration of eligibility on the basis of 'fishing stamps' they had received without ever having left the shore. These complaints were well publicized, and, in some cases at least, were clearly justified.

The eligibility criteria required an applicant to have worked in the groundfish industry in key years. A number of calls came from individuals who had been on Worker's Compensation during one of the key years, usually as a result of an accident associated with fish harvesting or processing activities. Time on Worker's Compensation was considered under program eligibility but did not count in calculating benefit duration. As a result, these workers, some of whom had in excess of 25 years of continuous work in the groundfish industry, received only short duration on TAGS. Many appealed the decision, but with little success because of the way the eligibility criteria were framed.

Another problem was that some clients had long-term attachments to groundfish industry but had found other work in recent years when the fishery was particularly bad in their area. These clients felt they were being punished for having found work outside the fishery during times when there were no fish to harvest or process. They complained that others had stayed home and done very little fishing, but had qualified for UI with make-work projects and had thereby gotten much higher TAGS benefits and longer durations.

3.8.2 Access Issues

Many clients called because they wanted information about specific TAGS programs. Some of these were clients who had relocated outside of their home province only to find that other TAGS clients had received financial assistance from TAGS to do so. While these clients could not be helped because of the Mobility Assistance rules, talking to them provided insight into mobility patterns and attitudes.

Other clients had questions about TAGS training or employment programs. The most calls were about early retirement. There was a great deal of confusion over the application process, eligibility criteria, and why it was taking so long for clients to hear back on their applications. There was further confusion about how to get the information required to apply for the Early Retirement Program.

For example, a woman with over 20 years of work in several fish plants in Newfoundland called to request assistance. Her problem was that she was unable to assemble the necessary records to prove her long-term attachment to the groundfish industry. The manager of the plant had long since left the province and the former owner was of limited use due to illness. After referral to HRDC this client was approved for early retirement.

3.8.3 TAGS Program Responsiveness Issues

Another group of clients called with problems with individual HRCCs such as being refused assistance to take training, or having an agreement to receive self-employment assistance cut off after making initial investments to start the business. Some fishers had questions about their core status and were concerned that HRCC staff did not seem to be doing anything to confirm their status. Some clients called for information and after it was provided indicated that their HRCCs had already told them the same thing.

3.8.4 Benefit Payment Issues

A final group of clients called because their cheque was missing, delayed, or incorrectly made up. These problems resulted from normal delays in the mail, garnisheeing of TAGS pay and even theft from a post office.

3.8.5 Insights Gained from Client Calls

While these calls provided insights into the specific issues and concerns of clients, three generic issues arose through this process:

3.8.5.1 Inadequate Communications

TAGS clients often had great difficulty getting information from HRCCs and from the TAGS program. There were two reasons for this. One was that HRCCs were

often understaffed and unable to deal with demands. Secondly there was a 1-800 number for TAGS at HRDC NHQ but not in the regions. Clients were frustrated because they often had to wait on hold for long periods of time while incurring long distance charges. In rural areas many clients had no way to get to their HRCC.

These were common complaints among clients who received letters indicating that they were eligible to apply for early retirement. Given the extremely low levels of formal education among older TAGS clients, many felt confused and were suspicious of the information they received. A 1-800 number in the region would certainly have helped, but additional communications efforts were also needed.

3.8.5.2 Eligibility Criteria

The TAGS eligibility criteria used in determining the potential duration on TAGS did a disservice to some clients whose work in the groundfish industry had been interrupted by an industrial accident, layoff, or in the case of some clients, a plant burning down in a key year. The appeal process was limited to the existing eligibility criteria and few clients with these issues appeared to have received satisfaction.

As discussed above, some clients who were actively seeking adjustment prior to the shutdown felt bitter because by working hard, or even leaving their community for seasonal work, they ended up with less adjustment support than others in their communities who stayed home and participated in make-work projects.

4. Adjustment

The TAGS program was intended to address the long-term restructuring requirements of the groundfish industry, and labour force adjustment was seen as a key component of this strategy. The goal of TAGS/HRDC labour force adjustment was to assist individuals affected by the collapse of the groundfish fishery to adjust out thereby resulting in a reduction of the numbers of fishers, trawler and plant workers in the groundfish industry.

The principal indicator for measuring HRDC's success in implementing the TAGS program is whether the program has brought about adjustment out of the groundfish industry. Consultation between the Evaluation Team and the TAGS/HRDC Evaluation Advisory Committee led to the development of concepts and measures of adjustment.

Analysis of the characteristics of adjusted TAGS clients generates insights into the factors associated with adjustment and the predictors of adjustment.

Just as the characteristics of the adjusted TAGS clients are important, so are the characteristics of the non-adjusted population. A certain portion of the client population have not adjusted because:

- they have not believed adjustment to be necessary, and continue to expect to be employed in the fishery;
- they have tried to adjust without success (due, for example, to labour market conditions);
- they have not made a serious effort to adjust, but have no other plan or prospects.

While the identification of the adjusted and non-adjusted TAGS clients gives a snapshot of the situation based on a one year period, it should be noted that this number will change as more clients adjust. Many clients have begun the adjustment process with the assistance of TAGS/HRDC programming, and the full benefits of these investments may take some time to be realized.

Discussion in this section focuses on the individual TAGS client and his or her adjustment process. However, adjustment is also influenced by the household and community in which the individual lives, and these aspects of adjustment are considered in Section 5.

4.1 Concepts and Measures of Adjustment [40]

There have been some significant and well-publicized changes to TAGS since its announcement in 1994 (see Section 2). These changes have not diminished the importance of the program goal to assist TAGS clients in reducing their reliance on the groundfish industry. However, the target number of clients to be adjusted has been affected as a result of reductions in active programming resources.

In December, 1995, the TAGS/HRDC Evaluation Team worked with program officials to clarify the adjustment targets for TAGS. The following was the agreed vision of adjustment and the applicable targets.

Table 4.1 TAGS/HRDC Adjustment Goals

Goal	Adjustment of as many TAGS clients as possible out of the groundfish industry.
Target Group	All eligible TAGS clients. However for the purpose of accountability, the program has set specific target levels. These levels have changed over the life of the program, usually in response to changes in the level of funding available for active programming.
Chronology of the Targeted Number	May 1994 - Assumed to be 30,000 on TAGS, of whom about 10,000 were transitional (NCARP roll-overs), DFO early retirement and licence retirement candidates or HRDC early retirees. Thus about 20,000 would remain on TAGS and need adjustment, and of these about 25% would be working or on UI, so the target number was 15,000, or 50% of the total TAGS population. December 1994 (when total client number known) - number increased from 15,000 to 24,000. January 1995 (when active programming budget cut 50%) - program could only deal with about 1/2 of the 24,000, so target number modified to 12,000. May 1995 (Cabinet Document) - commitment to 7,500 clients adjusting out as direct result of TAGS/HRDC program interventions. December 1995 (Cabinet Document in response to a 45% cut in active programming and administration) - proposed that number targeted for adjustment out as direct result of TAGS/HRDC program interventions be reduced to 5,500.

In July 1996 the Minister of Fisheries announced changes to TAGS which terminated active programming and curtailed the duration of the TAGS by as much as 12 months. However, HRDC committed itself to providing continuing support, either through TAGS or through the EI employment benefits, for clients who were currently implementing TAGS action plans with training or employment supports.

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[40] Please see Appendix 3 in this report for a more detailed discussion on how HRDC measures adjustment.

The Evaluation Team developed the following criteria for adjustment:[41] a TAGS client would be considered to have adjusted out of the groundfish industry when she/he...

- relies on EI or UI for the same or lower percentage of his/her total income compared to the period prior to the closure of the groundfish fishery (1988-91), and

- has income from all sources other than TAGS/HRDC pay which is at least 80% of the total mean annual income received during the period prior to the closure of the groundfish fishery (1988-91).[42]

4.1.1 Level of Adjustment

The adjustment measure is based on how TAGS clients have fared during the past year, which in turn is affected by general economic and employment conditions.[43] The estimated proportion of TAGS clients who meet the adjustment criterion described above, i.e., who are no more reliant on UI or EI than they were prior to the closure of the groundfish fishery, and who are receiving at least 80% of their pre-closure income levels, is:

- for 1995, 10,599 TAGS clients (27% of all clients still active)[44];
- for 1996, 10,635 TAGS clients (27% of all clients still active).

74 percent of clients who were adjusted in 1995 were also adjusted in 1996. This corresponds to 19 percent of all TAGS clients or 7,321 clients being adjusted in both years.

TAGS clients who took early retirement or licence retirement options are not included in the above numbers.[45] A total of 1,492 TAGS clients either took early retirement or retired

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[41] Please see "Appendix 1: Measuring Adjustment and Income" for a detailed description on how adjustment is measured.

[42] The evaluation team carried out analyses to test the sensitivity of using this 80 percent criterion. Very little difference was made from using anywhere between 70 to 90 percent of past income compared to the 80% measure used here.

[43] Please see "Appendix I: Measuring Adjustment and Income" for an explanation of how income is calculated for 1995 and 1996.

[44] Since income tax files were not available for both 1995 and 1996, income for these years is estimated based on TAGS pay file information. A comparison between the income based on TAGS and the income from the 1995 taxation files reveals that total income is overestimated in 53% of cases and underestimated in 47% of cases. For eight clients out of ten, the overestimation or underestimation is under $5,000. Using the adjustment measure developed by the evaluation team, 10,407 clients would have been adjusted using the 1995 taxation data.

[45] By taking early retirement or licence retirement options, these clients gave up their eligibility for TAGS and are no longer treated as part of the active "caseload".

their licences through TAGS/HRDC or TAGS/DFO programs. This increases the total number of clients adjusted in 1996 to 12,127.

While the adjustment measures indicate more than a quarter of TAGS clients successfully adjusted, as a sobering note, only 3% of TAGS clients (1,040) had work outside the fishing industry as their main source of income in 1996, and met the adjustment criteria. As well, three-quarters of adjusted TAGS clients rely on HRDC sources (EI/UI and/or TAGS/HRDC employment supports such as Wage Subsidy) for up to 80 percent of their income.

4.1.2 Adjustment Where HRDC Interventions Made a Difference

Successful adjustment of TAGS clients may or may not have occurred as a direct result of TAGS/HRDC active programming. It is important to distinguish those adjustments that occurred as a direct result of active programming for the following reasons:

- HRDC is accountable for the results of active program interventions including counselling, training, Green projects, employment bonus, or other employment support programs;
- HRDC targeted 5,500 clients for adjustment out, and the actual adjustment outcomes will be measured against the target for accountability purposes;

A significant amount of adjustment involves work inside the fishing industry, harvesting or processing species other than groundfish. Non-groundfish work has grown for reasons exogenous to the TAGS/HRDC program. Consequently, adjustment estimates which are based on such work cannot be credited to TAGS interventions.[46] Thus, as of the end of 1996, TAGS interventions are associated with adjustment of 732 clients who are working outside the fishery and 1,492 clients who have taken advantage of TAGS retirement option.

Table 4.4 Number and Type of Adjustments (1996)

	Totals	Outside Fishing	Inside Fishing
Total Number on TAGS	40,025		
Number Adjusted			
With HRDC Interventions	4,662	732	3,930
With Retirement Options	1,492	1,492	
Without HRDC Interventions	5,973	308	5,664
Sub-Total	12,127	2,532	9,594

[46] There will obviously be a number of TAGS clients who are working inside the fishery who are doing so because of training or other interventions received from TAGS, however our estimates are that this is a very small number. Individuals who gained a trade or upgraded, and who work at that trade in a fish plant (e.g. electricians, small motor repair) are classed as working outside the fishery and if TAGS provided an intervention would count as adjusted with TAGS.

In addition TAGS/HRDC provided active interventions to 3,930 clients who were adjusted at the end of 1996 and who were still working in the fishing industry. Interventions[47] have also been provided to 15,721 clients who are not yet adjusted out of the groundfish industry. These are best considered investments for which the returns have yet to be realized. Future returns to these investments may increase the total number adjusted as they find sufficient work outside the groundfish industry.

4.2 Characteristics of Adjusted TAGS Clients

Table 4.5 Characteristics of Adjusted Clients

A. Percent of adjusted clients in each category	Out of Groundfish Industry[48]	Out of Fishing Industry
	%	%
Total Client Population	28	3
Province		
Newfoundland	28	3
Nova Scotia	24	2
Other	39	4
Gender		
Male	31	3
Female	22	3
Sector		
Fishing	40	2
Processing	22	4
Education Level		
Did not finish high school	27	2
Completed high school	27	3
Post secondary	28	9
Year TAGS Eligibility Expires		
1996	11	1
1997	23	6
1998-99	30	3
Mean Annual Income(1988-91)		
Less than $10,000	31	3
$10,000 to $14,999	30	3
$15,000 to $19,999	29	3
$20,000 to $29,999	20	3
$30,000 and over	5	0
B. Situation of clients who adjusted in 1996		
Qualified for EI	68	76
Others contributed financially to household	71	76
Had others in family on TAGS	57	65
C. Income characteristics of Adjusted Clients		
Median Income in 1996	$22,608	$20,552
Median Income in 1995	$22,079	$19,157
Median Income in 1994	$17,786	$15,746
Median Income 1988-91	$12,280	$13,498
Median weeks worked (all jobs)	12	30
Median TAGS rate	$311	$257
Median TAGS duration (weeks)	260	230

[47] Counts all interventions including counselling.

[48] This table uses the definition of adjustment described in section 4.1. As such, clients who have taken either early retirement or license retirement or may not be included depending on whether they meet the criteria outlined in section 4.1

Comparison of those who met the overall adjustment measure and who are working in the fishing industry to those who have adjusted and left the fishing industry is interesting:

- Nova Scotia clients are somewhat less successful for both measures, whereas clients in the other Maritime Provinces and Québec are noticeably more successful;
- education levels did not affect the success of those adjusted clients still working in the fishing industry, whereas those who are working outside the industry are more likely to have completed high school or have post secondary education;
- clients adjusting within the fishery tend to have longer duration (duration was positively associated with previous success in the groundfish fishery), however those who have left the fishing industry are most likely to have their eligibility expire in 1997;
- those who have adjusted outside the fishing industry tend to have had somewhat higher incomes prior to the closure compared to those who have adjusted and still fish;
- median incomes for both groups increased significantly from the pre-closure levels — from $12,280 in the 1988-91 period to over $22,000 in both 1995 and 1996 for those who are still fishing.[49] Clients working outside the fishing industry did not increase their incomes as much.
- both groups of adjusters are far more likely to have qualified for EI than those who have not adjusted. 25% of non-adjusted clients meet the criteria to qualify for EI;
- those who have adjusted outside the fishing industry worked 2.5 times more weeks in 1996 than those who have adjusted but still fish.

4.3 Future Implications of Non-Adjustment

4.3.1 The Unadjusted Population

The population of unadjusted TAGS recipients was examined to discover if there were any sub-groups that were more or less likely to adjust. A cluster analysis based on variables identified as being associated with adjustment collapsed into four major groups

[49] This data on income levels before and after TAGS contrasts sharply with focus group findings where the majority of participants asserted that they had suffered income losses since the moratorium of up to 50%.

within the population of unadjusted TAGS clients.[50] See Appendix 2 for a description of the cluster analysis procedure and the variables used. The clusters of non-adjusters are identified as:

- Planning in remaining in fishery;
- Likely adjusters;
- Barriers or no direction;
- Unclassified - those not assigned to the previous categories.

Table 4.6 provides a description of the leading characteristics of these groups.[51]

[50] The procedure used the people who were surveyed, excluding those where information was missing for one or more variables, and those for whom an adjustment measure had not been computed (those not surveyed in 1996). The resulting population was 1404 cases, and 509 of these ended up in clusters too small to report here.

[51] The results from the sample have been extrapolated to the whole population.

Table 4.6 Description of Non-Adjusted Groups

	Clients Planning on Remaining in Fishery		Likely adjusters		Barriers to direction		Unassigned		Total	
	#	%	#	%	#	%	#	%	#	%
Totals	10,490	38%	4,854	17%	3,599	13%	8,983	32%	27,926	100%
N (size of cluster groups in sample)	522		242		179		447		1,390	
Province										
Newfoundland	8,623	40%	3,810	18%	2,674	13%	6,270	29%	21,377	100%
Nova Scotia	1,532	31%	820	17%	723	15%	1,886	38%	4,962	100%
Other	346	22%	218	14%	202	13%	826	52%	1,593	100%
Gender										
Male	7,175	45%	2,344	15%	1,026	6%	5,309	33%	15,854	100%
Female	3,315	27%	2,510	21%	2,573	21%	3,674	30%	12,072	100%
Education Level										
Did not Graduate High school	8,119	41%	2,709	14%	2,393	12%	6,594	33%	19,815	100%
Completed high school	1,647	30%	1,446	26%	965	18%	1,410	26%	5,468	100%
Post secondary	724	27%	704	26%	241	9%	988	37%	2,657	100%
Year TAGS Eligibility Expires										
1996	545	28%	422	22%	263	14%	701	36%	1,931	100%
1997	986	30%	621	19%	522	16%	1,150	35%	3,279	100%
1998-99	8,958	39%	3,810	17%	2,814	12%	7,133	31%	22,716	100%
Average Income (1988-91)										
Less than $10,000	2,497	35%	1,325	19%	1,047	15%	2,291	32%	7,160	100%
$10,000 to $14,999	3,472	36%	1,704	18%	1,328	14%	3,072	32%	9,576	100%
$15,000 to $19,999	2,171	39%	981	18%	824	15%	1,590	29%	5,566	100%
$20,000 to $29,999	1,668	42%	641	16%	342	9%	1,365	34%	4,016	100%
$30,000 and over	682	42%	199	12%	61	4%	665	41%	1,607	100%
Situation in 1996										
Qualify for EI	3,441	50%	743	11%	669	10%	2,075	30%	6,928	100%
Others contribute financially	7,700	36%	3,922	19%	3,088	15%	6,477	31%	21,186	100%
Median Income in 1996		$17,316		$12,844		$12,584		$14,716		
Median Income in 1995		$18,446		$13,240		$13,038		$15,423		
Median Income in 1994		$15,427		$13,359		$12,978		$14,912		
Median Income mean 1988-91		$13,842		$13,348		$12,955		$13,375		
Median TAGS rate		$306		$254		$225		$259		
Median TAGS duration (weeks)		260		219		242		239		

4.3.1.1 Clients who are Planning on Remaining in the Fishery

For the first group, we identified a significant group of about 10,500 TAGS clients who are planning on remaining in the fishery and who are committed to their former way of life but for many of whom it will not be possible to be a part of the fishery of the future. Few in this group have taken advantage of TAGS adjustment supports, and while some have sufficient earnings in current fisheries, many do not.

The largest portion of this group are fishers who mostly continue to fish, but did not earn enough in 1996 to qualify as adjusted. On average they fished 4 weeks in 1996 and earned about $3,000. They almost all expect to be fishing in the year 2000. The fishers in this group account for about two-thirds of the non-adjusted fishers (about 28% of the classified population). The rest of the fishers do not expect to be fishing in the year 2000; they either do not know or expect to be retired or employed outside the fishery.

Plant workers in this cluster are more diverse than the fishers. There is an identifiable group who expect to go back to work in the fish plant, and have not taken much training under TAGS. The group includes both women and men (the women are more likely than the men to have taken training), and about half actually did plant work in 1996.

It should be emphasized that while this group intends to remain in the fishery, and may have had this intention reinforced by some success in finding fishing industry employment in 1996, they are still significantly behind those who were sufficiently successful in the fishery to be counted as adjusted. Many of this group are likely to be frustrated in their intention to remain in the fishery.

4.3.1.2 Likely Adjusters

The second group, the "likely adjusters" group, are mainly plant workers, all of whom have taken advantage of training under TAGS and expect to be out of the fishing industry after TAGS. Because of the investments they are making in training, it is too early to predict their likely situations. However the small numbers adjusting out of the fishing industry to date, and the continuing difficulties of the provincial economies, do not provide grounds for optimism.

An estimated 4,850 TAGS clients are in this group whose main constraints are limited labor market opportunities and their relative disadvantage in these markets.

These people expect to be working outside the fishery in 2000, and all have taken some sort of training under TAGS. About 20% of this group perceive very high barriers to finding a job. Most of these people did not work at all in 1996.

Compared to the plant workers in the first group, the adjustable group has neither been as successful in getting plant work during the TAGS period, nor as dependent on plant work. Fifteen per cent of the group worked at fish processing in 1996, while 20% worked outside the fishing industry. However, the earnings of people working outside the fishery were low (about $8,000 on average), especially for the women in this group. This cluster has the highest education levels of any of the groups (about 45% completed high school). Only about 15% of them qualified for EI in 1996. However, 79% have sufficient TAGS duration to carry them through to the scheduled end of the program in 1998.

The "likely adjusters" group may indicate a future dilemma: they participated in TAGS/HRDC adjustment options, but they were not yet successful in finding alternative employment. The program options that are available under EI are similar to those offered by TAGS/HRDC. Therefore, even if this group participates subsequently in EI active re-employment measures, the future outcomes for them may not be much different from their experiences on TAGS. In a sense, this group is in the lead position because they have already embarked on adjustment. Their limited success to date does not bode well for the other two clusters who are less positively oriented towards adjustment in the first place, and who also are less advanced than this group in preparing for the end of TAGS.

4.3.1.3 Group Facing Adjustment Barriers, and with No Apparent Direction

This third cluster of about 3,600 clients is also cause for concern. They are uncertain about their future and none have taken advantage of training options offered by TAGS/HRDC. This group will likely remain in the communities without much hope of work either in the fishing industry or in other sectors.

Almost all this group are plant workers. majority (63%) of the clients in this group don't know what they will be doing in 2000. About 20% of the group think they will be unemployed. This group has not been able to get as much fish plant work as the group of clients who is planning on remaining in the fishing with 32% working in a fish plant. However, they have done better than the adjustable group in this regard — possibly because they were not involved in training courses. Two thirds of this group did not finish high school and an estimated 19% qualified for EI in 1996.

4.3.1.4 Unclassified Group

The unclassified population has, overall, similar characteristics to the three clusters we have described above[52]. The major differences are that the unclassified group also contains older workers who expect to retire, or who have already retired, and people who took part in one of the TAGS employment programs (and who, on average, have very low earned incomes). About 9,000 of the unadjusted population fall into this group.

4.3.2 The Future Outlook for the Unadjusted Population

The outlook for the currently unadjusted population is:

- About 10,500 fishers and plant workers expect to carry on working as fishers or plant workers. They do not seem deterred by the fact that their opportunities to work and to generate earned income in the fishery are significantly less than before the groundfish moratorium.

- This group has not engaged in training very much and, in the absence of a substantial return of the groundfish fishery, are likely to be more dependent on income support than they were in the pre-TAGS period.

- Almost 5,000 have made some move towards adjustment out of fish processing, possibly as a result of very poor prospects for work in a fish plant. However, only a small proportion have actually found work outside the fishery, and those who have found work do not have very high earned incomes. It is probably too early to tell whether any of the interventions under TAGS will ultimately allow a substantial proportion of this group to find work outside the fishery.

- About 3,600 plant workers have not taken any training courses, and do not know what they will be doing after the end of TAGS. They have not been able to get as much fish plant work as the previous group, and even with a resumption of groundfish processing, many of this group are unlikely to find work.

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[52] The unclassified group is actually 46 separate groups, but each of these groups consists of less than 50 people in the sample. While it would be possible to examine the characteristics of each of these groups and assign a label to each one, such as "older plant workers who expect to retire but do not report barriers to adjustment", we felt this would not materially add to the analysis. Taken as one group, the unclassified group has characteristics that resemble the TAGS population as a whole, the descriptive analysis in Section 4.3 therefore gives an accurate portrayal of the attributes of this group.

4.4 Summary of Findings on Adjustment

The overall adjustment target for the TAGS program is being reached: an estimated 12,127 TAGS clients[53] have adjusted out of the groundfish industry at the end of 1996.

The bulk of this adjustment involves work in other sectors of the fishing industry. The TAGS/HRDC Evaluation Study estimates that only 1,040 TAGS clients are working with their main job outside of the fishing industry, and an additional 1,492 have taken advantage of retirement options to leave the industry altogether.

However, many of the investments by TAGS/HRDC in client adjustment, particularly in training, will continue to yield results over the life of the TAGS program and beyond. Consequently, the Evaluation Team expects that the current estimate of clients who have permanently left the fishing industry with the help of HRDC interventions could rise in future.

The main factors associated with successful adjustment out of the fishing industry are:

- education (the higher the level of formal education, the better the chances of adjustment out);

- age (clients in their 30s and early 40s have had relatively greater success in adjusting. However, clients in their 20s, as well as those 50 and older, have had more difficulty adjusting).

Through cluster analysis, the population of TAGS clients who were not considered adjusted (approximately 28,000) was broken down into four groups:

- those with little interest in adjustment because they continue to expect to be in the fishery;
- and those who have embraced adjustment but have not yet been successful;
- those who seem to lack direction or have significant barriers.
- unassigned.

The group who seem to have little interest in adjustment because of their expectation of continuing in the fishery are estimated to number about 10,500. Despite their strong expectations, none of this group managed to find enough fishing industry work in 1996 to count as adjusted, and, barring a massive improvement in the groundfish fishery, many will continue to be frustrated when TAGS expires.

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[53] This number includes those who exited TAGS on early retirement or Groundfish Licence Retirement.

The second group is made up of TAGS clients who have pursued adjustment, have all taken training while on TAGS, and expect to be out of the fishing industry when the program ends. They number about 4,800, and are indicative of the special challenges faced in adjusting out of the fishing industry. In most respects they are strong candidates for successful adjustment, and have all engaged in active programming towards that end, but none was able to find enough employment in 1996 to be considered successful in this ambition.

The third group is made up of TAGS clients who face barriers to adjustment in terms of age, education and other factors, and/or seem to lack direction. None of this group of 3,600 has taken training while on TAGS, and two-thirds of them say they don't know what they will be doing in the future or that they expect to be unemployed.

The Evaluation Team's assessment of adjustment of TAGS clients to the end of 1996 is mixed. While TAGD/HRDC approximated its overall adjustment target in 1996, much of this adjustment has been to another sector of the fishing industry or by retirement. Only a small proportion has adjusted outside the fishing industry. It is likely, therefore, that if and when the industry re-opens, this large labour force will still be in a position to press for employment opportunities in harvesting and processing groundfish. Under these conditions it is possible that the long-standing problem of over-capacity and excess labour supply in the groundfish industry will be renewed.

The Evaluation Team emphasizes, however, that many investments made by TAGS/HRDC in client adjustment will take some time to produce results in terms of clients leaving the fishing industry on a permanent basis.

On a less optimistic note, we wish to flag as a potentially significant issue the difficulties currently experienced by many TAGS clients who are "highly adjustable" in terms of attitudes and previous or current participation in adjustment programs. While they appear to have embraced the need to adjust out of the groundfish industry, and have actively prepared for it, they have had little success to date in finding alternative employment.

5. Influences of Households and Communities on the Adjustment Process

This section summarizes the findings from two special studies carried out as additions to the TAGS/HRDC Evaluation Study, the first on the household and gender dynamics of labour force adjustment among TAGS clients, and the second on the role and influence of community vis-à-vis client participation in TAGS/HRDC adjustment programs.

5.1 Special Study on the Household Dynamics of Adjustment

Throughout the TAGS/HRDC Evaluation Study close attention has been paid to the role of gender and household characteristics in labour force adjustment. As was described in Section 3 above, about 35% of those eligible for TAGS were women, 90% of whom were plant workers (women comprise just over half of the eligible plant workers). While TAGS was initiated as an adjustment program focused primarily on individual clients, virtually all TAGS clients (96%) were members of multi-person households, and 40% lived in households with other TAGS clients. A Special Study on the Household Dynamics of Adjustment was undertaken in 1995 to supplement findings from the other aspects of the TAGS/HRDC Evaluation Study. The goals of the special study were:

- to examine the role of the household in shaping adjustment options, actions and outcomes for TAGS clients;
- to examine the role of gender in determining adjustment options, actions and outcomes for TAGS clients;
- to examine the effectiveness of TAGS and of specific TAGS/HRDC program elements, in addressing the implications of household status and gender for TAGS clients and for the adjustment process.

5.1.1 Methodology of the Household Study

The study comprised the following research activities, carried out from May to October, 1995:

- a review of the literature on gender and household issues in relation to labour market adjustment in the fisheries;
- interviews with informed observers including government officials, industry and community leaders, and academics;

- secondary data analysis of the TAGS/HRDC client data and the 1991 Survey of Consumer Finances;

- case studies in five communities (four in Newfoundland and one in Nova Scotia) involving key informant interviews, focus groups with members of TAGS households and in-depth interviews with a small sample of individual TAGS household members;

- summary of household data from the TAGS client survey (September 1995).

The work of the TAGS/HRDC Household Special Study was later expanded and updated by a Masters Thesis in economics completed by a member of the Evaluation Team.[54] The thesis made use of the TAGS/HRDC client data and the October 1995 survey of TAGS clients.

5.1.2 Summary of Principal Findings

Women and men face different adjustment opportunities and constraints because of their different roles and often unequal positions in the family, the fishery and the community. Adjustment is a household process, where family circumstances affect the adjustment choices and needs of individual clients. Many TAGS clients have spouses who have enough work to keep them in their communities. Some have responsibilities for extended family members which constrain their options. Household constraints are particularly strong for women.

The client surveys found that just over half of both male and female TAGS clients lived with a spouse and children under 18, while 25% of TAGS clients had adult children living at home. 85% of TAGS clients had financial dependents, though most had others contributing financially to household expenses (87% of women and 66% of men in the September 1995 survey, and 80% of women and 61% of men in the October 1996 survey).

The 1995 TAGS client survey found that family-related issues such as the jobs or plans of other family members (for 23% of clients), and child care or elder care (for 33% of clients), constituted barriers to adjustment for many clients, especially women. In-depth interviews and focus group discussions in the Household Study confirmed this finding.

Female clients generally saw themselves as less mobile than did male clients because of family and household responsibilities, traditional gender roles in families, more limited labour market opportunities, and spouses who had jobs or just didn't want to leave. Men often chose to leave the home for seasonal jobs in other locations, but this was not seen as an option by most women.

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[54] Crozier, Donna *Labour Force Adjustment: Identifying Factors Influencing the Decisions of Displaced Workers in the Atlantic Fishery*, Master's Thesis in Economics, Dalhousie University, June, 1996.

Over half of the men interviewed were unwilling to move for a job opportunity for their wives, whereas almost all the women were willing to follow their husbands. While women were often more interested in training than were men, their ability to take advantage of these opportunities were conditioned by their household situations.

Given the evidence that adjustment is a family process, the Household Study inquired as to how effectively TAGS interventions facilitated this process.

A probit analysis found significant differences between men and women in the factors affecting the likelihood of adjustment apart from the impacts of age and education.[55] The incidence of adjustment for both men and women was positively related to education and negatively related to age, though the magnitude of the impacts was greater for women. For men the other significant factors were province and occupation, while for women they related to household characteristics, such as owning their own home, presence of a pre-schooler, and presence of other TAGS clients in the household.

The probit analysis confirmed the importance of the household factors for women, influencing their ability to take advantage of the adjustment options offered by TAGS. Interestingly, the presence of other TAGS clients in the household had no impact on men's adjustment but curtailed women's adjustment. The adjustment of women is constrained by their spouse's activity (or lack thereof), given traditional patterns of gender relations.

These results suggest that TAGS interventions did not adequately address the gender and household-related barriers which women faced. The fieldwork for the household study revealed many examples of program design elements which limited adjustment in a family context, especially for women:

- while individual counsellors were often sensitive to family issues, there was no systematic mechanism for involving partners in the formulation of Action Plans and choice of program options;

- client needs for a broader range of counselling services relating to psycho-social stress, financial issues and family conflict were not met;

- the limited availability of locally delivered training programs restricted most women to ABE. It was harder for women to go outside their communities for training, so access to more local training options and correspondence courses would have better met their needs;

- childcare allowance regulations did not meet the needs of women in some family situations, notably where husbands were present but unwilling to look after the

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[55]Ibid. The definition of the dependent adjustment variable was different from that later developed and used in the main Evaluation Study. However, sensitivity analysis of various adjustment measures showed that the results reported here are very robust.

children (many women were not comfortable with the requirement that the husband signify this unwillingness in writing). Lack of childcare was the biggest obstacle for many women, and more flexible rules are needed to accommodate their diverse circumstances;

- living away from home allowances were also criticized for not meeting needs when two members of a household had to go away for training, particularly the extra cost of maintaining the primary residence when it was not occupied. The allowance also did not take account of the extra time a family might need to be away in addition to their course length to accommodate children's schooling;

- men were more than twice as likely as women to have received mobility assistance under TAGS, reflecting the greater potential of men to initiate moves affecting the family;

- women were slightly more likely than men to have participated in Community Opportunity Pool (COP) projects. Women expressed an interest in having more COP projects and were frustrated with the difficulty of getting projects approved. For many women, the opportunity to work in the community was paramount;

- because of their limited mobility, female TAGS clients had higher expectations than men that TAGS would contribute to local job creation and economic diversification and were frustrated with the limited progress made in this area;

- many women interviewed said that Green Projects tended to be "men's jobs". This is borne out by the data on program participation, which show that men were more likely to participate in these projects.

5.1.3 Lessons Learned

Adjustment is a household process, and various family circumstances should be taken into account in adjustment programming. This is particularly crucial for women. Women's adjustment would be facilitated by:

- more flexible childcare supports and training allowances to fit various family situations;

- co-ordination of adjustment options when both spouses are eligible for a program;

- greater involvement of family members in counselling/career planning processes;

- more local provision of training and community projects which are compatible with family responsibilities and the work of other family members.

5.2 Community Dynamics of Adjustment

5.2.1 Background to Special Study

The Special Study on the Community Dynamics of Adjustment was only partially completed because the early termination of the TAGS program and the Evaluation Study.

The first TAGS/HRDC Evaluation Report drew the following conclusion from survey and focus group research carried out during 1995:

There are significant variations in levels of adjustment among different HRCC regions, and among communities within regions. These differences may reflect:

- *differing labour market conditions in local areas;*
- *differing levels of community organization and leadership to deal with the crisis in the fishery;*
- *differences in community attitudes or culture;*
- *differences in HRCC adjustment approaches and priorities.*[56]

To further explore these relationships the Evaluation Team undertook special research activities in 1996 including the following:

- consultation meetings with TAGS Managers and staff in the RHQs and HRCCs;

- the addition of community related questions to the client survey conducted in June/ July and November/December 1996;

- the addition of community related questions to the focus group sessions conducted in May/June, 1996;

- consultation meetings (in association with client focus groups) with community leaders and community development workers in communities in Nova Scotia, Prince Edward Island, Québec and Newfoundland.

In addition, the Evaluation Team produced detailed breakdowns of survey and client file data by HRCC, and held meetings with TAGS/HRDC staff in several HRCCs in 1995 and 1996 to discuss the respective data sets.

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[56] HRDC, The Atlantic Groundfish Strategy (TAGS) Evaluation Report (Draft), Ottawa: HRDC Evaluation and Data Development Branch, June 1996, p. iv.

5.2.2 Survey Results on Community and Adjustment Issues

In answer to the open-ended question "What has been the biggest impact of the closure of the groundfish industry on your community?", 66% of respondents mentioned unemployment. "People/young people moving away" was mentioned by 15% and "poverty/ low incomes" was mentioned by 12%. Other respondents mentioned increased crime, family breakup/violence, and discouragement/apathy.

Over 53% of respondents indicated they "don't know" what ways, if any, their communities had come together to deal with the problems caused by the groundfish shutdown. Other substantive responses included "they haven't come together" or "they haven't done anything" mentioned by 21% of respondents. Community economic development or job creation was mentioned by 10%, and 7% mentioned local counselling and support programs.

When asked who they saw as the main leaders or spokespersons for their communities in dealing with the fisheries crisis the most common response was "nobody" (33%) or "I don't know" (15%). The most common group or leader mentioned (16%) was the Fisheries, Food and Allied Workers/Canadian Auto Workers Union (FFAW/CAW) or local leaders of that union in Newfoundland. While 10% mentioned other unions or their leaders and 10% also mentioned local government, no other group or person received mention from more than 2% of respondents.

Over half of the clients surveyed had participated in an open community meeting to discuss TAGS or the fisheries crisis. Clients outside Newfoundland were much more likely to have done so than clients in Newfoundland. Some 46% of clients had been invited by their local HRCC or TAGS outreach office to an open meeting to discuss the program. The difference between clients in and out of Newfoundland was again substantial as was the difference between men and women. Women were 11% more likely than men to have participated in such a meeting.

5.2.3 Findings from Focus Group Sessions

In January through June of 1996 the Evaluation Team conducted focus groups in all five provinces with TAGS fishers and plant workers, community leaders and TAGS/HRDC staff. The key findings on community issues were:

- Community is a key factor in adjustment:
  - there are wide variations among communities in levels of support for TAGS clients and their adjustment;
  - in some communities local economic development organizations are seen as contributing significantly to mobilizing, motivating TAGS clients for training and employment;

- community adjustment appears to be strongest in areas with more community development/local economic development experience (e.g., co-operatives, Community Futures, Industrial Adjustment Strategy projects, etc.);
- many communities strongly support getting children through school, out of the fishery and out of the local area "so they will have a future".

- Community partnerships are essential to adjustment:
  - most success with hard-to-adjust TAGS clients seems to come from co-ordinated, concerted efforts by HRCC, community college, regional development agency, unions, local business groups and other community organizations;
  - local organizations are able to encourage and even pressure clients in positive and socially acceptable ways to start training, take job placements, etc.;
  - there are positive results when fisheries employers co-operate with HRCCs in identifying training needs, encouraging employees to participate, and selecting clients for particular adjustment activities.

- There are variations in HRCC roles in communities:
  - generally speaking, most HRCCs have not had the resources, the time or the skills to do effective community development work with TAGS clients and their communities;
  - nevertheless, some HRCCs provide excellent leadership in developing community adjustment activities;
  - there appear to be direct adjustment benefits when the community knows about TAGS program options, program changes; individual clients then get support and reinforcement from their social environment;
  - where TAGS/HRDC staff were able to use community meetings and other community based communications processes they had success in mobilizing and motivating clients and in disseminating information about TAGS/HRDC program options.

- There is strong appreciation for TAGS/HRDC among community development leaders in active communities:
  - leaders appreciate the flexibility of the TAGS program to tailor activities to local conditions and individual client needs;
  - mix of TAGS program elements is seen to work well at the local level — training, job placement, self-employment, volunteer work, etc.;
  - there are positive reactions among community agencies and groups to having ABE/upgrading, skills training, employment supports all in one package.

- TAGS clients are usually not "in the loop" in their communities:
  - there have been few efforts in most regions to mobilize TAGS clients directly at the community level;
  - for TAGS clients in Newfoundland, their unions have been key sources of information and organization and have had important roles in facilitating

adjustment through training programs and other activities. The effectiveness of union activities vis-à-vis TAGS varies from community to community depending on local leadership and levels of support for the union.

5.2.4 Principal Findings and Lessons Learned

The following findings are indicated by the research on the community dynamics of adjustment for TAGS clients.

- Community attitudes and understandings are a significant influence on the adjustment choices of TAGS clients:
  - interventions by the TAGS/HRDC program on the level of the community are therefore an effective means to influence the adjustment attitudes, choices and behaviour of individual clients;
  - community interventions, combined with ABE/upgrading, appear to be the most effective means to influence the "hard to adjust" clients (i.e., clients constrained by age , education level, family ties, etc.), particularly those living in the more fisheries dependent communities;
  - there is a need for more effective and consistent efforts to distribute accurate, up-to-date and reliable information about TAGS/HRDC adjustment programs and activities to all sectors of fisheries dependent communities.

- TAGS/HRDC staff at the HRCC level have not had a clear mandate, adequate knowledge and skills, and appropriate and sufficient resources to develop effective community interventions on a consistent and continuing basis:
  - nevertheless, some HRCCs have been highly effective in mobilizing community resources, partnering with other community agencies and groups, and influencing community attitudes;
  - there is a need for more sharing of ideas and experiences among HRCCs regarding best practices in the field of community interventions.

- TAGS/HRDC staff, and particularly the outreach staff, are often members of the local community, and may or may not be able to provide leadership and initiative in changing attitudes and challenging prevailing attitudes:
  - in the context of any continuing interventions with TAGS clients on the community level, there is a need for specialized training, supervision and support to facilitate effective community interventions by HRDC field staff.

- Partnerships between TAGS/HRDC and local community colleges, community development agencies, community organizations, employers and other community interests have often been highly effective means of encouraging active adjustment by TAGS clients:
  - community partners are often highly appreciative of the flexibility in TAGS/HRDC to adapt programs to local circumstances, needs and initiatives.

- There is interest both in the HRCCs and in the communities in developing comprehensive community based adjustment strategies on a pilot project basis:
  - some communities, including the TAGS clients, placed a higher priority on adjusting young people out of the fishery than on adjusting the clients themselves, and wanted to be able to use TAGS resources on a local basis to accomplish the most effective adjustment for families and the community as a whole.

- There is a general view among TAGS/HRDC staff and community leaders that the job creation and community development components of TAGS have not yet had the impacts that were hoped:
  - in the spring of 1996 FORD-Q and ACOA were mobilizing resources and building links with HRDC and provincial programs to make available significant capital and infrastructure support for local projects that meet approval criteria. The projects would not be just for TAGS clients, but would cover community based initiatives in general in communities impacted by the fisheries crisis. They would include economic planning, entrepreneurship training, and support for small business start-ups;
  - there were numerous examples of useful and well managed Green Projects, but there were also cases where projects were poorly conceived and organized, where clients were reluctant to participate, and/or where resources were never sufficient to allow for success.

Appendix 1
Adjustment and Income Measures used in this Evaluation

Measuring Adjustment

When is a TAGS/HRDC client considered to be adjusted out of the groundfish industry? During the life of TAGS, the Evaluation Team developed and tested numerous measures of adjustment. The Evaluation Team developed the criteria for adjustment that is described in section 4.1.1 of this report.

- Operationally, adjustment should mean that the client's after-TAGS dependency on EI is no higher than their prior-to-TAGS dependency on UI (as measured over the 1988-1991 period). Thus, EI benefits as a proportion of their total income should not be higher, and the absolute level of income should not have dropped beyond some threshold level (suggested about 80%). If the level of income is lower than the threshold but EI as a proportion of total income has not increased, then the client will have adjusted, but not have been as successful as a client whose level of income has not dropped below the threshold.

- Some adjustment by TAGS clients obviously takes place for reasons other than TAGS/HRDC interventions. TAGS/HRDC will be assumed to have contributed to adjustment out in instances where, during the TAGS period, the client has received active programming that made a positive difference to the adjustment of the client.[57]

Measuring 1995 and 1996 Income

As discussed above, income is key to the definition of adjustment. Because income tax files are not available for 1995 and 1996, income for these years is estimated based on TAGS pay file information. The TAGS pay file data are based on information from the TAGS cards that are filled out and mailed in by clients.[58] This file is used by HRDC to

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[57] This concept of adjustment is based on consultation with TAGS/HRDC Evaluation Advisory Committee members. In deciding whether or not HRDC receives credit for the adjustment of a particular client, the type of earnings is considered as well as the amount. For example, if someone received training under TAGS and earned 80 percent or more of past income, whether or not HRDC would get credit depends on whether this income was from fishing or not. If it was fishing related, HRDC does not receive credit, whereas if it is not, they do.

[58] The TAGS pay file is linked to HRDC's EI pay file at the Moncton pay centre. Information on UI or EI amounts paid to TAGS clients comes directly from UI or EI files.

issue cheques to clients. The TAGS pay file contains information derived from the income reported on TAGS cards and allows for the calculation of an estimated minimum income from all sources. In order to do this, certain assumptions must be made. These are outlined here.

The TAGS pay data contains exact information on the amount of TAGS pay received for a given period and, if cards are sent in, the amount of Unemployment or Employment Insurance received for a given period.[59] If a client has sent in cards for every two-week period, then income from other sources (e.g., EI, work) can be estimated from the information in the file. A client can earn up to 25 percent of his or her eligible TAGS rate from any non-fishing source or 50 percent from fishing without a reduction in TAGS pay. Only earnings above these exemptions are stored in the TAGS pay file system. If non-fishing income is reported, then in order to calculate earnings, 25 percent of that client's eligible TAGS rate is added to the recorded amount. If fishing income is reported then 50 percent of the client's eligible TAGS rate is added. The problem is that if no earnings are recorded in the file, the client may have earned anywhere between nothing and half of his or her TAGS rate. In these cases it is assumed that outside of TAGS pay and UI/EI recorded, the client earned no income for the given period.

If a client does not send in a card for a two-week period, then more assumptions have to be made to estimate income. In this situation she or he does not get any TAGS pay for that period. If a client was eligible for TAGS pay in a given period it is assumed that a card would be sent in. If a client has reported fishing income within a fishing season and then does not mail in cards for some weeks, it is assumed that he or she earned his or her TAGS rate plus an additional 50 percent of the TAGS rate. In other words it is assumed that clients in this situation fished for the weeks within that fishing season where cards are missing and earned enough from fishing that they would not qualify for any TAGS benefits.

If there is no indication of fishing income and no card is sent, then it is assumed that such clients made their TAGS rates plus 25 percent of their TAGS rate. This means that for clients who sent in no cards at all in a given year, their income is estimated to be their TAGS rate plus 25% of their TAGS rate times 52, i.e., it is assumed that every week in the year they made their TAGS rate plus 25% of their TAGS rate. The main weakness is that this method will usually underestimate earnings. These are minimum amounts that clients would have earned. Because of the assumptions made, 1995 and 1996 income measures must be treated as estimates. They are based on the best information currently available.

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[59] If a client receives EI benefits and then stops sending the cards, EI benefits data will continue to be entered in the system. As noted above, these amounts come directly from the EI pay system.

Appendix 2
Description of the Cluster Analysis Methods Used

Cluster analysis attempts to group together data points (in this case individuals), by the characteristics that they have in common. In the case of two variables, this is akin to drawing circles around clusters of data points on a graph. The first step in the procedure is to re-scale all of the variables on a 0 to 1 scale. This means that all of the variables are weighted equally. Without this, a ten dollar difference in TAGS rate, for example, would be considered a larger difference than a five year age difference.

The variables that were used in the clustering process were:

Perceived Barriers:	Child care
	Elder care
	Family responsibilities
	Lack of formal education
	Health
	Moving away from the local area
	No jobs in the local area
	Not knowing if the plant was closing
	Stress
	Obtaining training
EmpBon	Received TAGS employment bonus funding
EmpPrg	Participated in a TAGS employment program
Fish	Qualified for TAGS as a fisher
FW95	Number of fishing weeks in 1995
FSHPAY	Earnings from the fishery in 1995
Gender	
IncPren	Pre-TAGS taxable income
Moved	The participant has moved since starting to receive TAGS benefits
Plant	Qualified for TAGS as a plant worker
Retired	Exited from TAGS under a retirement option
Age	
Education	Formal education level
Rate	TAGS rate
TrnCATS	CATS system records client as have taken training
X2kfish	Participant expects to be fishing in the year 2000
X2kout	Participant expects to working outside the fishery im the year 2000
X2kplant	Participant expects to be working in a plant in the year 2000
X2kret	Participant expects to be retired in the year 2000

Where multiple sources for particular information existed (for example on the expectations variables), the most recent answer to the question was used in the analysis.

Appendix 3
How Do TAGS/HRDC Program staff Measure Adjustment?

TAGS/HRDC managers required information about adjustment success of clients for both accountability and operational reasons. From an accountability perspective TAGS/HRDC accepted the number of clients adjusted out of the Atlantic groundfish industry as the single success indicator for the program and required information to track this. From an operational perspective, local TAGS/HRDC counsellors needed to know how individual TAGS clients were faring with regard to adjustment in order to effectively allocate resources. As a result, TAGS/HRDC developed two independent adjustment measures: one for accountability and one for operations.

The accountability measure adopted following the February 1996 Operational Review was:
...adjusted clients are defined as those clients who receive in TAGS benefits less than 25% of 12 times their TAGS/HRDC rate in the 12 week reference period.[60]

In essence, for the TAGS/HRDC Program estimate of adjustment, TAGS clients were considered as adjusted when they were receiving less than 25% of their income in TAGS benefits during a twelve week reference period. This measure of adjustment was periodically calculated for different 12 week periods.

TAGS/HRDC officials assessed the sensitivity of this measure to longer reference periods (14 and 20 weeks) and found little difference. They have observed, however, that the measure is very volatile depending on the actual reference period, that is which 12 week period is used. This is because of the seasonal economies in the main TAGS areas.

For example, estimates of adjustment for reference periods which include November tend to be lower as a consequence of the fisheries UI/EI regulations.[61] Using HRDC's 12-week measure, the estimated level of adjustment varies according to the reference date:

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[60] TAGS Management Information: Measuring Adjustment; no date, p.1

[61] Because of the way the summer and winter fishing periods are defined by UI/EI, fishers generally did not receive UI in November. The rules changed slightly as of January 1997.

- as of December 30th, 1995 = 26% or 10,307 TAGS clients adjusted;
- as of December 28th, 1996, = 30% or 12,050 TAGS clients adjusted;
- as of February 15th, 1997, = 38% or 14,911 TAGS clients adjusted.

Both the December estimates include November in the reference period and might therefore be considered low by program officials.

Comparing the Evaluation Estimates of Total Adjustment to HRDC Estimates

The estimates by the Evaluation Study do not differ substantially from those produced by the TAGS/HRDC program itself.

Table 1 Comparison of Different Adjustment Measures

	Evaluation Estimate (main measure)		Evaluation Estimate with Retirement		TAGS/HRDC Program Estimate (including retirement)	
	#	%	#	%	#	%
1995	10,599	27%	10,839	29%	10,307	26%
1996	10,635	28%	12,127	30%	12,050	30%

The definition of adjustment by the Evaluation Team, and the program definition of adjustment, both revolve around the level and source of income. The following table summarizes the difference between the evaluation estimate and the TAGS/HRDC Program definition of adjustment.

Table 2 Comparison of Program and Evaluation Team Adjustment Measures

	Source of Definition	
Measure	Program	Evaluation
Level of Income	75% of TAGS/HRDC pay	80% of previous income
Type of Reference Income	TAGS/HRDC pay	Pre-closure earnings
Source of Income	All sources other than TAGS/HRDC pay	EI or UI cannot be a greater proportion of total income than prior to closure

Both measures have merit. From a program perspective, a major concern was the total amount required for income support and the resulting drain on active programming resources. Hence it is reasonable that the program definition should focus on replacing TAGS/HRDC pay with other sources. That they accept EI as a valid source of income reflects their awareness of the limitation of labor market conditions in the affected areas, and taking 75% of TAGS as acceptable reflects a recognition that this very large industrial closure will have an unavoidable impact on earnings.

This Evaluation Study addresses the TAGS/HRDC goal to adjust workers out of the groundfish industry, and specifically examines the success of clients in replacing groundfish as a source of income or as a means of qualifying for income support. For this purpose it is reasonable to require that this *replacement* occurs without increased reliance on income support. Like the program definition, transfer income is permitted in recognition of limited labor market possibilities, and the income level is discounted to reflect the impact of the closure.

Appendix 4
Overview of the Newfoundland Economy

1. Introduction

Compared to Québec and the three Maritime Provinces, Newfoundland is most affected by the closure of the groundfish industry because of the much larger number of displaced workers in the province, the level of reliance on groundfish, and the generally weaker economy itself. As a background to this evaluation the study team has prepared an overview of the situation of the Newfoundland economy which is summarized here.

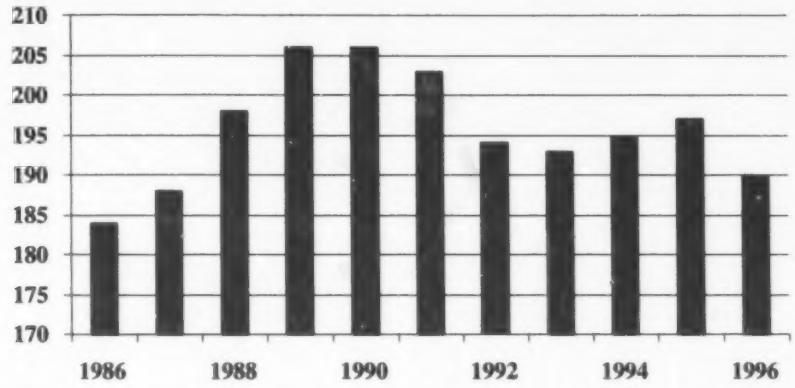
The Newfoundland economy grew during the last half of the 80's but the recession of the early 90's and the shutdown of the groundfish fishery have left the economy depressed. Real Gross Domestic Product (GDP) peaked in 1989 at $6.7 billion in 1986 dollars and has still not regained this level (1995 = $6.6 billion). Real GDP in fishing, mining, forestry, transportation, other utilities and trade are still below the level of the late 80's. The only industries that continued to grow steadily in the 90's were communications, and community and business services. This is despite the approximately $6 billion expenditure on Hibernia in the past few years.

2. Employment

Total employment in Newfoundland peaked in 1990 at 206,000. There was a drop in employment during 1991 of 3,000 and another 9,000 in 1992. By 1994 employment started to recover, but this was followed by a large drop of 7,000 in 1996 with employment declining to 190,000. Employment in the province is now at about the same level as in 1987.

The Newfoundland economy is very dependent on the three levels of government for direct jobs and for indirect employment through construction projects and other economic activities. Income transfer programs, notably Employment Insurance and Old Age Security, contribute a great deal to gross aggregate demand in the provincial economy which in turn stimulates employment. Total direct government employment in the Province (three levels of government, education, health and crown corporations) averaged 50,000 in 1995, which is over 25% of the total employment during that year. Government cutbacks are likely to restrict growth in this area over the next few years.

Chart 1 Newfoundland Employment 1986 to 1996 (000's)



Source: Statistics Canada, Cat. #71-201

The Newfoundland employment to population ratio in 1996 was 41.9%. This means that just over four out of every ten working age persons were employed. This is by far the lowest of any province and well below the Canadian level of 58.6%. Studies in the past have shown that the percentage of Newfoundlanders who find work at some time during the year is almost as high as in Canada. The problem is that such a low percentage of the jobs in Newfoundland are full-year. Because most of the jobs in Newfoundland are seasonal many people have to rely on Unemployment Insurance as a major component of their income. In 1992 156,000 people received $1.1 billion in UI payments (over half of the people who worked during the year). The amount of money paid in Unemployment Insurance has been cut dramatically with the closure of the groundfish industry and the changes in Employment Insurance regulations. In 1995 there were 111,000 people who received $675 million in Unemployment Insurance Benefits.

The NCARP and TAGS programs have helped to cushion the impact of the closure of the cod fishery for those people employed in the fishery. The associated income support payments coupled with expenditures on training, licence buyouts and retirement have helped to reduce the negative effects of the closure on the Newfoundland economy. When TAGS ends in 1998, there will be a substantial reduction in provincial personal income. This will have very serious social and economic impacts, particularly in rural Newfoundland.

In the 1997 budget, the provincial government made several announcements which will effect employment levels:

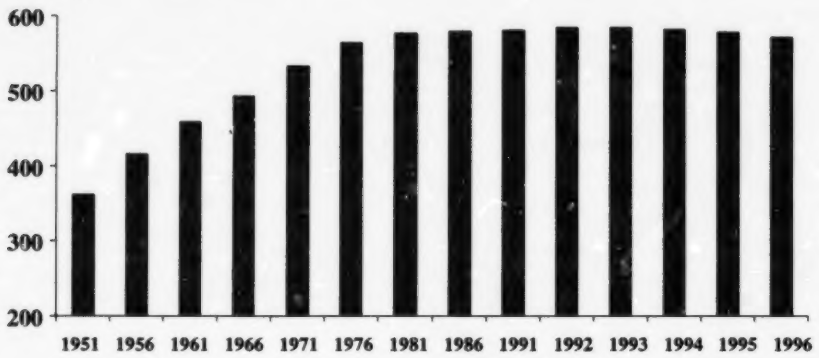
- eliminating 1,100 civil servant positions over the next three years (1997-98 to 1999-2000);
- cutting expenditures by $350 million over the three year period;
- cutting 468 teaching positions this year.

These negative impacts will contribute to continuing high levels of out-migration, as discussed in the following section. This will in turn result in reduced federal Equalization transfers to the provincial government.

3. Population

Since Confederation in 1949, the growth of Newfoundland's population has gone through stages. From 1951 to 1976 the population grew steadily, increasing between 5% to 15% during each 5 year census period. During this time the population increased from 361,000 to 564,000. From 1976 to 1981 the population growth was only 2% and was less than 1% from 1981 to 1991, increasing by 3,800 from 576,500 to 580,300. The first few years of the 90's saw the population increase, but in the 1993 to 1996 period, the population has dropped by over 13,000.

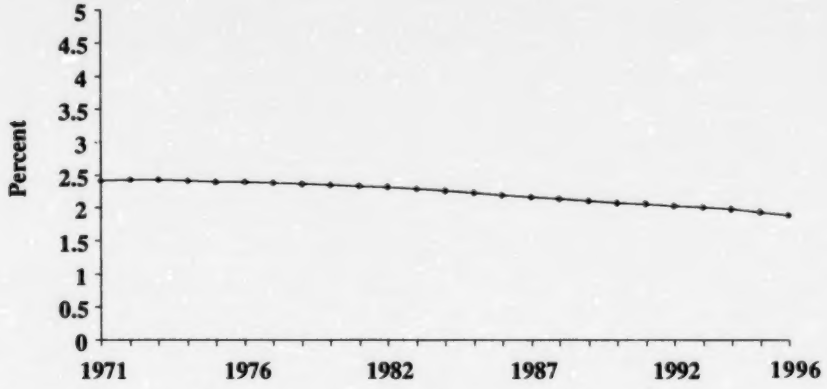
Chart 2 Population of Newfoundland and Labrador - 1951 to 1991 by 5-Year Intervals and 1992 to 1996 by Year (000's)



Source: Historical Statistics of Newfoundland and Labrador, and Population Estimates Section, Demography Division, Statistics Canada.

While the population of the province has been growing very slowly or declining over the past 20 years, the population of Canada has been steadily increasing. This means that the province's population as a percentage of Canada has been declining. The recent decline in population has a negative impact on equalization payments made to the provincial government. The population, along with the revenue from a variety of provincial sources, determines the equalization to be paid each year.

Chart 3 Population of Newfoundland and Labrador as a Percent of Canadian Population 1971 to 1996



Source: Historical Statistics of Newfoundland and Labrador, and Population Estimates Section, Demography Division, Statistics Canada.

Population change is dependent on births, deaths and net-migration. Net-migration is in-migration minus out-migration and has usually been negative for Newfoundland. A negative figure indicates that more people are leaving the province than are moving to the province.

- The number of deaths has slowly been increasing over time as the population ages, from 3,200 in 1971 to 4,100 deaths in 1995. The number of deaths has been between 3,800 and 4,100 since 1990.

- Births peaked during the period 1955 to 1965 at 15,000 per year and have since dropped dramatically. Even since 1990 the number of births dropped from 7,600 to 6,200. The reason for this drop has been the dramatic decline in the fertility rate. In 1966 Newfoundland had the highest fertility rate in the country at 4.6. Since that time the fertility rate has dropped to 1.3 in 1994 and is now the lowest in Canada.

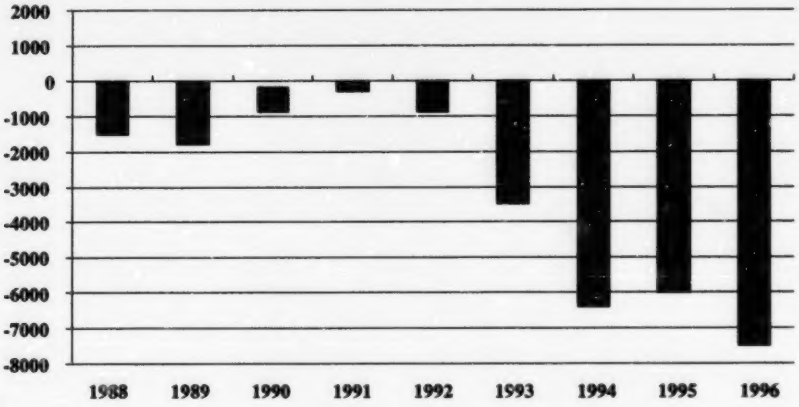
- Generally over the past 25 years there has been an average negative net-migration of roughly 4,000 persons a year. In recent years the loss in population due to migration has reached the highest levels since Confederation despite Hibernia. In 1995 there was a net loss of 6,800 people due to migration.

There has been considerable public discussion about out-migration from Newfoundland associated with the closure of the groundfish industry. From interviews and focus groups as well as public discussion, the Evaluation Team gained the impression that most people felt that TAGS clients were not the primary source of this out-migration. This impression can be confirmed as gross out-migration from Newfoundland in 1995 was roughly 16,000 people, whereas we would estimate that approximately 2,000 TAGS clients and their families have left Newfoundland between 1994 and 1996.

This assessment of migration and the Newfoundland economy indicates that out-migration from Newfoundland has indeed risen, and has a negative impact on the Newfoundland economy, directly from the loss of population, and indirectly as a result of reduced future equalization payments constraining future government expenditures.

In recent years the loss in population due to migration has reached the highest levels since Confederation despite Hibernia. In 1995 there was a net loss of 6,800[62] people due to migration. With a net natural population increase[63] of 2,000, there was a resulting drop of 4,800 in the population.

Chart 4 Net Migration, Newfoundland - 1988 to 1996



Note: 1996 is an estimate based on first three quarters and the first quarter of 1995.

Source: Population Estimates Section, Demographics Division, Statistics Canada.

The negative net-migration trend has continued into 1996 with a net loss of 6,700 persons during the first three quarters of the year. The level of loss of population for the full year is very likely to be the highest in the past 25 years. This high level of net-migration is the result of high out-migration (roughly 16,000 in 1995) rather than a substantial decline of in-migration. The people leaving the province have tended to be younger and better educated than the population of the province.

The loss of population due to migration is anticipated to stay high for the next couple of years. With the work on the Hibernia Platform at Bull Arm coming to an end, the government layoffs and the end of the TAGS compensation, the large number of people leaving the Province is likely to continue.

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[62] The estimates of net migration include net non-permanent residents and returning Canadians.

[63] Natural increase is births minus deaths. In 1995 there were 6,145 births and 4,170 deaths for a natural population increase of 2,025.